CECONOMY

ANNUAL REPORT

2022/23

CECONOMY IN FIGURES

Sales and earnings

€ million	2021/22	2022/23
Sales	21,768	22,242
thereof IAS 29 (hyperinflation in Türkiye)	(80)	(6)
Sales development adjusted for currency effects and portfolio changes	3.2%	4.7%
Like-for-like sales development	3.5%	4.3%
Gross margin	17.5%	17.7%
Adjusted gross margin	17.8%	17.9%
EBIT	105	−21
Adjusted EBIT	208[1]	243
Adjusted EBIT margin	1.0%[1]	1.1%
Net financial result	−56	−21
Tax rate	−163.6%	12.7%
Profit or loss for the period attributable to non-controlling interests	4	2
Net result	126	−39
Undiluted earnings per share (€)	0.31	−0.08

[1] Adjustment for portfolio changes for Portugal and Sweden

Other operating key figures

€ million	2021/22	2022/23
Online sales	5,346	4,943
Services & Solutions sales	1,340	1,379
Earnings share of operating companies recognized at equity	−30	−132
Free cash flow	−127[1]	747
Investments as per segment report	762	668

[1] Change in presentation of effects from the application of IAS 29 Financial Reporting in Hyperinflationary Economies of €−92 million.

Statement of financial position

€ million	30/09/2022	30/09/2023
Net working capital	−428	−705
Net liquidity (+)/Net debt (−)	−2,004	−1,687

„WE CREATE EXPERIENCE ELECTRONICS TO ENRICH PEOPLE'S LIFE".

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TO OUR SHAREHOLDERS

LETTER TO THE SHAREHOLDERS

Dear Shareholders,

A retail company like ours is successful when it maintains a rigorous focus on its customers. It must also keep in step with changing customer behaviour.

With our strategy and the transformation that we are consistently implementing, however, we are not merely reacting to market changes. We began preparing for a new future much earlier. At CECONOMY, we have ushered in a transition to the future.

Let me start by saying that this has been a success, even if the market environment in retail has been and remains a challenge. The figures show that CECONOMY's transition to the future is taking us in the right direction, and that you will increasingly be seeing a different company – a company that does not merely follow trends, but plays a crucial role in shaping the trends in its industry.

CECONOMY's transition to the future focuses on our customers, our employees and the society in which we live. We are guided by the four pillars of our strategy. These are shopping experience, usage experience, employee experience and impact experience. Our clear goal is excellence in all four areas. We are confident that we will create crucial added value for our shareholders if our customers believe in us and recognize the value that we bring.

I know that's a big promise. And now I want to take you on a little journey through the world of CECONOMY's transformation. This will make it clear to you, as shareholders especially, that you can depend on us.

From the very first second, we want our customers to see that the world behind our MediaMarkt and Saturn brands is a special one – both in store and online, across all channels. We call this "experience electronics". This term stands for a new category: Our goal is to give our customers a positive and engaging experience with technology throughout the customer journey, from trying out products in store to searching for the best complementary services while using them – tailored to their needs.

"We create experience electronics to enrich people's life" is more than a slogan, it's a promise that we love to fulfil. Be it in store, online or via our app, we provide a seamless shopping experience that inspires our customers and shows them how technology can enrich their lives. This is where we clearly distinguish ourselves from our competitors.

We not only promise this special experience – we also make good on our promise. At Capital Markets Day, we already introduced our strategy to you while also defining clear KPIs to make our performance transparent and verifiable. We are confident that the clear focus on customer benefit and the consistent implementation of our strategy will make CECONOMY a company that is also appealing to shareholders.

To shape CECONOMY's transition to the future, we must also be ruthless in our analysis and adjustment of our organization. We have already scrutinized the structures of all interdepartmental functions and reduced interfaces. This makes us not only more streamlined but also more powerful than before. By selling our operations in Sweden and Portugal, we have made key decisions that are already proving effective. What's more, we have further optimized costs and margins. We have also expanded the service business. All this is already yielding results that speak for themselves: With solid sales growth and a clear increase in cash flow, our performance has been convincing. We have increased adjusted EBIT significantly more than forecast. The sharp rise in profitability is also an expression of our consistent focus on growth and increasing value.

As you can see, CECONOMY's transition to the future is a promise you can rely on.

Let's take a look at our day-to-day work – this will demonstrate that our team is working with great vigour and passion to bring our strategy to life and make it a success. There are four points I'd like to highlight.

Firstly, our investments. In many stores, you see it as soon as you enter: Things are happening here! Our stores are becoming more inviting, more sustainable, and more flexible. At the same time, we are increasing their integration with the online business. All this leads to a more productive use of space. The success can be measured: More of our customers are coming back to our stores. In our brick-and-mortar stores, we have recently made significant gains in market share all over Europe.

Secondly, we are working with various format concepts – including our core formats, our flagship stores, which we also call "Lighthouse" stores, and the more compact "Xpress" stores as local amenities. Our aim is to offer the right format for every location. Customers should find exactly the stores they need in their area. We especially see enormous growth potential in the small Xpress stores. There is nothing else like them on the market.

Thirdly, our service. In recent years, we have consistently expanded our range of services and diversified our sources of income. Our customers want a wide range of services that includes more than just shopping. We have therefore added installation and repair services, green electricity contracts, TV services and insurance to our portfolio in order to guarantee broad customer coverage and generate attractive growth opportunities for new business areas. This approach has helped to significantly increase our profitability, especially in the Services & Solutions segment.

And fourthly, e-commerce. Online retail is one of our key strategic priorities. Our goal is to increase online sales to 30 per cent of total sales by financial year 2025/26. We have considerably enlarged our digital presence from initially around 10 per cent and are now seeing stable online performance of well over 20 per cent – double the pre-pandemic level. We now generate more than 80 per cent of our online sales on a new, harmonized technology platform. This means shorter development cycles and improved functionality for our customers.

With over 1.4 million products supplied by resellers on our online marketplace, we ensure that we remain competitive and can make our customers a comprehensive offer. Here too, we are successfully gearing up for growth.

The measures under these four points are going down very well with our customers. Among other things, this is demonstrated by the impressive performance of our customer loyalty programme. In Germany, we welcomed the ten-millionth customer to our loyalty programme this year. Throughout the Group, the programme has 35 million customers. Our net promoter score (NPS), which measures customer satisfaction, has also reached a new high of 53 points. The loyalty of our customers and the high NPS show that we are increasing customer retention and building on our position as a leading provider in the European market for consumer electronics.

Allow me to add another word about sustainability. Without a clear commitment to sustainability, a transformation is doomed to fail. Therefore, sustainability is a key value for MediaMarktSaturn and an integral part of the corporate strategy. We aim to offer the most sustainable range of consumer electronics in Europe and to play a leading role in the circular economy. We want to achieve this by promoting energy-efficient products and services that extend product lifetimes and by offering repair services, the refurbishment of used devices, and the return and disposal of old devices. We cannot make the journey to more responsibility and sustainability alone. We have to work closely with all our industry partners. This is exactly what we do, and we are met with a great deal of openness, collaboration and sharing of knowledge. I wish to thank all of our partners for this.

Looking back over the past financial year, however, it is most important that I thank our approximately 50,000 employees at CECONOMY and MediaMarktSaturn. Their commitment and passion were crucial for our company's remarkable performance. Without them, our transition to the future would be nothing more than an idea. Together, we are taking the road to renewal and delivering measurable success every day.

To make a transition to the future, you have to have an idea about what the future holds. We know that our future will be decisively shaped by technology. For this, people need trustworthy advisors and guides. It is precisely here where we are convinced that we will become even more important and decisive for our customers than we already are.

With this clear, credible and reliable positioning, we will make our future a success. And you will benefit as shareholders.

Continue to accompany us on this journey. Thank you for the trust you have placed in us, and I look forward to exchanging ideas and meetings with you.

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 & Corporate Law; 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 54-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.

DR KAI-ULRICH DEISSNER
Chief Financial Officer

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

Profile
Dr Kai-Ulrich Deissner has been Chief Financial Officer of CECONOMY AG and Chief Financial Officer (CFO) of Media-Saturn-Holding GmbH since 1 February 2023. Previously, the 55-year-old worked for Deutsche Telekom in various CFO roles for over ten years. During this time, for example, he was CFO of Hrvatski Telekom, the third-largest listed company in Croatia, where he played a decisive role in the company's successful turnaround. Dr Kai-Ulrich Deissner was also CFO of the service and call centre business in Germany. Most recently as CFO Technology & Innovations, he helped to shape the successful transformation of the Group's technology and innovation portfolio in Europe. Before joining Deutsche Telekom, where Dr Kai-Ulrich Deissner initially worked in marketing, sales and service, he had various roles in the media industry and in consulting.

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

CECONOMY looks back on a successful financial year 2022/23. Despite a trading environment marked by macroeconomic and geopolitical uncertainties, it was characterized overall by a strong performance and successful transformation.

The strategy was further developed and implemented, placing a greater emphasis on the customer experience. For example, the Services & Solutions business was further expanded and new services, such as the trade-in of used electrical devices, were added. The brick-and-mortar stores were further modernized in line with the new store formats (Lighthouse experience centres, Xpress and Smart stores) and adapted to changed customer requirements; the Marketplace was also further expanded. Among other things, this resulted in further significant year-on-year increase in the net promoter score – the key figure used to measure customer satisfaction.

At the same time, the country portfolio was further optimized. The MediaMarkt business in Sweden and Portugal was sold in financial year 2022/23. MediaMarkt Sweden was sold to Power Retail Sweden AB in return for a minority stake of 20 per cent. MediaMarkt Portugal was profitably sold to the Portuguese subsidiary of Fnac Darty S.A. In addition, both transactions created good prospects for employees, customers and partners.

Despite the difficult conditions, sales were successfully increased in the past financial year. This is in particular due to the strong development in Türkiye. The brick-and-mortar business has continued to recover. The operating business was significantly strengthened in key markets. Adjusted Group EBIT recorded a clear increase as against the previous year.

In addition, CECONOMY reaffirmed its commitment to sustainability in the past financial year. The company renewed the targets it had submitted to the European Commission's Sustainable Consumption Pledge and extended its participation and bindingly further specified its climate and environmental protection goals. For example, "Scope 1" and "Scope 2" emissions, i.e. the company's direct and indirect greenhouse gas emissions, are to be reduced by 4.2 per cent and three categories of "Scope 3" emissions, i.e. emissions in the upstream and downstream parts of the value chain, by 3 per cent per year until the end of 2030. Furthermore, the number of sustainable products in the company's own range is to be increased from currently more than 4,900 products to 6,000 products by the end of 2025.

There was a change in the CFO function in financial year 2022/23. Florian Wieser left the Group as of 31 December 2022. Dr Kai-Ulrich Deissner took office as the company's new CFO on 1 February 2023. He simultaneously acts as CFO of Media-Saturn-Holding GmbH in a dual role. For the period from 1 January 2023 to 31 January 2023, Supervisory Board member Sabine Eckhardt was appointed as a deputy member of the Management Board of CECONOMY AG on an interim basis.

The Management Board contract with CEO Dr Karsten Wildberger was extended early with effect as of 1 August 2023. The Supervisory Board has thus appointed Dr Karsten Wildberger as Chief Executive Officer for additional five years one year before the end of his current term of office, thereby demonstrating the great trust that the Supervisory Board places in Dr Karsten Wildberger in view of the further successful transformation of the company. At the same time, this ensures continuity and stability of leadership and the company's strategic development.

The Supervisory Board would like to thank the Management Board and all employees for their outstanding achievements in the past financial year.

The Supervisory Board's work in financial year 2022/23

In financial year 2022/23, 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 provisions regarding 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 2022/23, 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 2022/23.

No members of the Management Board or Supervisory Board were involved in conflicts of interest in financial year 2022/23.

↗ 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 2022/23, there were seven Supervisory Board meetings, five meetings of the Presidential Committee, six meetings of the Audit Committee and two meetings of the Nomination Committee. No meetings of the Mediation Committee were necessary in financial year 2022/23.

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 2022/23

	Attendance/number of meetings[1]				
Member of the Supervisory Board	Supervisory Board	Presidential Committee	Audit Committee	Nomination Committee	Mediation Committee
Adt, Katrin	6/7	5/5	–	–	–
Baur, Wolfgang	3/3	–	–	–	–
Breuer, Kirsten Joachim	3/3	–	–	–	–
Dannenfeldt, Thomas	7/7	5/5	–	2/2	0/0
Dohm, Karin	7/7	–	6/6	–	–
Eckardt, Daniela	7/7	–	–	–	–
Eckhardt, Sabine	7/7	–	–	2/2	–
Fernkorn, Thomas	3/3	–	–	–	–
Funck, Dr Florian	7/7	–	6/6	–	–

Overview of CECONOMY AG Supervisory Board members' individual meeting attendance in financial year 2022/23

Member of the Supervisory Board	Attendance/number of meetings[1]				
	Supervisory Board	Presidential Committee	Audit Committee	Nomination Committee	Mediation Committee
Glosser, Ludwig	7/7	–	6/6	–	0/0
Groß, Corinna	4/4	–	1/2	–	–
Huber, Doreen	6/7	–	–	–	–
Infanger, Stefan	4/4	–	–	–	0/0
Kellerhals, Jürgen	7/7	–	–	–	–
Laube, Maria	3/4	–	–	–	–
Lehmann, Paul	3/4	–	–	–	–
Norberg, Julian	4/4	–	–	–	–
Nutzenberger, Stefanie	2/3	–	–	–	–
Plath, Claudia	7/7	–	6/6	–	0/0
Ploog, Jens	3/3	2/2	–	–	–
Pütz, Dr Lasse	3/3	–	–	–	–
Schuhmacher, Erich	7/7	–	–	–	–
Schulz, Jürgen	7/7	3/3	4/4	–	0/0
Ulbrich, Maren	4/4	–	–	–	–
Vilanek, Christoph	7/7	–	–	2/2	–
Woelke, Sylvia	7/7	5/5	6/6	–	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 97 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 2022/23 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 2022/23, four were held in person and three via video/telephone conference. All five meetings of the Presidential Committee in financial year 2022/23 were held via video/telephone conference. Of a total of six meetings of the Audit Committee in financial year 2022/23, two were held in person, two as hybrid events and two via video/telephone conference. Of a total of two meetings of the Nomination Committee in financial year 2022/23, one was held in person and one via video/telephone conference.

In financial year 2022/23, one Supervisory Board resolution on individual matters was passed outside a meeting of the Supervisory Board. Otherwise, the resolutions of the Supervisory Board and the Supervisory Board committees in financial year 2022/23 were all passed at meetings of the Supervisory Board or its committees.

Material content of the Supervisory Board meetings and the Supervisory Board resolutions passed outside of meetings

The Supervisory Board's work in financial year 2022/23 and thus the content of the meetings were dominated by the discussion of the development and implementation of the strategy with the Management Board, the continuing discussion about the status of cyber security, and the personnel matters on the Management Board and Supervisory Board in the context of the appointment of the deputy for the absent Management Board member in January 2023, the extension of Dr Karsten Wildberger's term, the regular elections of employee representatives to the Supervisory Board and the upcoming re-election or succession of shareholder representatives on the Supervisory Board.

The main topic of the meeting of the Supervisory Board in **December 2022** was 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. The Supervisory Board also passed a resolution on the interim appointment of Supervisory Board member Sabine Eckhardt as a deputy for the absent member of the CECONOMY AG Management Board in January 2023 following Florian Wieser's departure. 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 2021/22 and a resolution on the remuneration report for financial year 2021/22. In addition, the Supervisory Board passed a resolution on the Supervisory Board's proposed resolutions and nominations for the General Meeting on 22 February 2023. The Supervisory Board also, subject to the relevant election by the General Meeting, passed a resolution on the engagement of the auditor and the Group auditor for financial year 2022/23 and on the conclusion of the fee agreement with the auditor and the Group auditor for the audits of the annual and consolidated financial statements for financial year 2022/23.

At the non-scheduled meeting of the Supervisory Board in **February 2023**, the Supervisory Board discussed the planned transaction to sell Media Markt Sweden AB in detail with the Management Board and internal experts. The Supervisory Board then passed a resolution to approve the Management Board resolution with which the Management Board resolved upon the sale and the underlying transaction.

At its ordinary meeting in **February 2023** directly following the company's Annual General Meeting, the Supervisory Board reconstituted itself. The Supervisory Board passed resolutions on the election of the Vice Chairman of the Supervisory Board, 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 and the Supervisory Board's Audit Committee. 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. 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.

At the meeting in **March 2023**, the Supervisory Board reconstituted itself again according to the new personnel composition of the Supervisory Board resulting from the elections of employee representatives to the Supervisory Board on 3 March 2023. The Supervisory Board passed resolutions on the election of the Vice Chairman of the Supervisory Board, the membership of the committees, and the objections to the overall fulfilment of the statutory minimum quota of women and men in the Supervisory Board, whereby, because the elections of employee representatives were held only shortly before this meeting, only a provisional decision was made as to the vice chairmanship of the Supervisory Board and the membership of the committees, and the final decision was made at the Supervisory Board meeting in July 2023. In addition, the Supervisory Board was informed about the status of selected topics in Germany and Italy as well as about the status of the strategy development with regard to various issues.

At the meeting in **May 2023**, the Supervisory Board passed a resolution to confirm the rules of procedure for the Supervisory Board and the Supervisory Board's Audit Committee. At this meeting, the Supervisory Board also discussed the results of the self-assessment of the work of the Supervisory Board carried out as scheduled in this financial year. Furthermore, the Supervisory Board received an update on ESG issues, the status of selected topics in Italy and Spain, and the status of the cultural change and transformation in the Group. 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 2023**, the Supervisory Board passed a resolution on the reappointment of Dr Karsten Wildberger as member and Chairman of the Management Board of CECONOMY AG for an additional term of five years. In accordance with the agreement made at its meeting in March 2023, the Supervisory Board also passed final resolutions on the election of the Vice Chairman of the Supervisory Board and the membership of the committees. In addition, the Supervisory Board passed a resolution to appoint Daniela Eckardt as the Supervisory Board's second ESG Officer. Finally, the Supervisory Board received an update on compliance as well as selected strategic initiatives.

In **August 2023**, the Supervisory Board resolved by circular procedure to establish a Strategy Committee from among its members, the role of which is to advise the Management Board on basic questions regarding transactions that arise from the strategy and the exploration of the market for potential strategic partnerships, investments and investors.

The main topics of the meeting in **September 2023** were the Management Board's 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 2023/24 and the medium-term planning for financial years 2024/25 and 2025/26, including finance planning. 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 2023/24 and for the tranche of the long-term variable remuneration to be granted in financial year 2023/24. The Supervisory Board also passed a resolution to submit the declaration of conformity in accordance with Sec. 161 AktG and on the nominations to the Annual General Meeting on 14 February 2024 regarding the succession or re-election of shareholder representatives on the Supervisory Board whose term ends at the end of the 2024 Annual General Meeting. Finally, the Supervisory Board received a report on the current status and further development of ESG-related processes and on the status of the cultural change and transformation in the Group.

At the meetings of the Supervisory Board in the past financial year, the Management Board regularly informed the Supervisory Board about the market and the competition, about the latest business developments, including the macroeconomic environment, about the status of the strategy development and implementation and about the personnel changes in the management team of CECONOMY AG and the MediaMarktSaturn Retail Group. In addition, the Supervisory Board regularly received a report from internal experts on the status of cybersecurity in the 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 2022/23

As of 13 December 2023, the Supervisory Board has formed five committees, which are made up as follows:

Presidential Committee
Thomas Dannenfeldt (Chairman)
Jürgen Schulz
Katrin Adt
Sylvia Woelke

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

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)
Jürgen Schulz
Stefan Infanger
Claudia Plath

Strategy Committee
Thomas Dannenfeldt (Chairman)
Jürgen Schulz (Vice Chairman)
Doreen Huber
Sylvia Woelke

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 five Presidential Committee meetings were held in financial year 2022/23.

At its meetings, the Presidential Committee discussed (emergency) succession planning for the Management Board and the managers of the company. This included the discussion of the deputy of the absent member of the CECONOMY AG Management Board in January 2023 following the departure of Florian Wieser. In this context, the Presidential Committee prepared the appointment of the Supervisory Board member Sabine Eckhardt as deputy. The Presidential Committee also prepared the reappointment of Dr Karsten Wildberger as member and Chairman of the Management Board of CECONOMY AG. In addition, the Presidential Committee submitted its recommended resolution on the remuneration report for financial year 2021/22 to the Supervisory Board. Furthermore, the Presidential Committee discussed the current level of achievement of the targets for the variable components of Management Board remuneration for financial year 2022/23. Finally, another focal point of the Presidential Committee's meetings in the past financial year was the discussion of the key points for setting the performance targets for the variable components of Management Board remuneration for financial year 2023/24.

Material topics that the Presidential Committee also dealt with related to preparations for the performance of 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.

The meetings of the Presidential Committee were attended by the Chief Executive Officer and also the Chief Financial Officer if necessary. 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 six Audit Committee meetings were held in financial year 2022/23.

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 2022/23:

At the meeting in **November 2022**, the Audit Committee discussed the indicative figures of financial year 2021/22, Internal Audit's annual report and audit planning, the annual report on donation and sponsorship activities in financial year 2021/22 and the annual report on compliance and data protection. In addition, the Audit Committee passed a resolution to set the priorities of the audits for financial year 2022/23.

The main topic of the meeting of the Audit Committee in **December 2022** was the discussion and examination of the annual and consolidated financial statements and combined management report prepared by the Management Board for financial year 2021/22. The Audit Committee discussed the audit reports and the findings of the audits with the auditor. In so doing, the Audit Committee heard a report from the auditor about its independence during the performance of the audit. With a view to the independence of the auditor, the Audit Committee also passed a resolution to enact the guideline for the provision of and the corresponding engagements of services for CECONOMY AG and its subsidiaries by the auditor. 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 2021/22. The Presidential Committee also recommended that the Supervisory Board resolve to approve the separate non-financial group report for financial year 2021/22. In addition, the Audit Committee discussed the assessment of the quality of the audit of financial statements. Finally, the Audit Committee submitted its recommended resolution on the engagement of the auditor and the Group auditor for financial year 2022/23 and on the conclusion of the fee agreement to the Supervisory Board.

At the meeting in **February 2023**, the Audit Committee discussed the draft of the Q1 2022/23 quarterly statement with the Management Board. In addition, the Audit Committee received the auditor's report on the review of the quarterly financial reporting and Internal Audit's quarterly report.

At the meeting in **May 2023**, the Audit Committee discussed the draft of the H1 2022/23 half-year financial report with the Management Board and the auditor's report on the review of the half-year financial reporting with the auditor. Moreover, the Audit Committee discussed the half-year Governance, Risk and Compliance (GRC) report and Internal Audit's quarterly report and also received an update on compliance and data protection. The Audit Committee also discussed the Group tax planning for financial years 2022/23 and 2023/24 as well as the preparations for the audit of the separate non-financial group report for financial year 2022/23 and received a report on non-financial initiatives. Finally, the Audit Committee received an update on various ESG issues and the status of the implementation of the CSR Directive.

At the meeting in **August 2023**, the Audit Committee discussed the draft of the Q3 2022/23 quarterly statement with the Management Board and the auditor's report on the review of the quarterly financial reporting with the auditor. In addition, the Audit Committee passed a resolution on the engagement of PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft to audit the separate non-financial group report for the reporting period from 1 October 2022 to 30 September 2023 in the form of an audit with limited assurance. Finally, the Audit Committee received Internal Audit's quarterly report.

At the meeting in **September 2023**, the Audit Committee prepared the Supervisory Board's resolution to approve the budget planning adopted by the Management Board for financial year 2023/24 and the medium-term planning for financial years 2024/25 and 2025/26, including finance planning, and passed a corresponding recommended resolution. Furthermore, the Audit Committee prepared the audit of the separate non-financial group report by the Supervisory Board and received a report on non-financial initiatives. The Audit Committee also received the GRC report for financial year 2022/23 and an update on compliance. Finally, the Audit Committee discussed the priorities of the audits for financial year 2023/24 with the auditor at this meeting.

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 2022/23.

At its meetings, the Nomination Committee discussed the professional development of the Supervisory Board members and the succession planning for the shareholder representatives on the Supervisory Board, including discussion of the targets for the composition of the Supervisory Board, the diversity concept and the profile of skills and expertise for the Supervisory Board.

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 “Strategy, Trends and Competition”, “Category Management, Services & Solutions, Brand & Marketing”, “Digital, Customer Relationship Management (CRM), Customer Experience, Data Analytics and Marketing Services”, “ESG and Compliance and Data Protection”, “Business Management and Controlling; Accounting and Reporting, Auditing”, “HR and Pension Commitments”, “Corporate Finance, Trade Credit Insurers and Net Working Capital”, “Corporate Governance, Stock Corporation and Capital Market Law”, “Store Formats and Concepts” and “Supply Chain Management (SCM) & Logistics (incl. OCS)”. 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. In the past financial year, the Supervisory Board received external training organized by CECONOMY AG on the role of the Supervisory Board, the cooperation of the Supervisory Board and Management Board, the internal organization, ESG issues and the Supervisory Board’s function with regard to ESG issues, and finally on selected recommendations of the GCGC.

Corporate governance

The Management Board and Supervisory Board report on the corporate governance of CECONOMY AG for financial year 2022/23 in the 2023 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 2023.

↗ 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 2023 declaration on corporate governance.

Annual and consolidated financial statements

As auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft audited the consolidated financial statements for financial year 2022/23 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 2022/23 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 2023. 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.

PricewaterhouseCoopers GmbH 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 2022/23, the Supervisory Board had no objections and approved the auditor's audit findings in a plenary session. The Supervisory Board approved the annual financial statements prepared by the Management Board and the consolidated financial statements. The annual financial statements of CECONOMY AG have thus been adopted. Since financial year 2022/23, the auditor's reports issued for the financial statements have been signed by Verena Heineke as responsible auditor and by Christian David Simon.

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 2022 to 30 September 2023. At its meeting on 15 December 2023, the Supervisory Board passed a resolution to approve CECONOMY AG's separate non-financial group report for the reporting period from 1 October 2022 to 30 September 2023. The Supervisory Board reviewed the content of the non-financial report with external support by way of an audit to obtain limited assurance by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, which the Audit Committee of the Supervisory Board engaged via its resolution of 8 August 2023 to provide appropriate support separate from the audit of the annual financial statements and the consolidated financial statements. In its audit, nothing came to PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft's attention that would cause PricewaterhouseCoopers GmbH 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 2023, PricewaterhouseCoopers GmbH 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 the first quarter of financial year 2022/23, Dr Karsten Wildberger and Florian Wieser were appointed as members of the Management Board of CECONOMY AG. By mutual agreement, Florian Wieser's appointment was terminated prematurely with effect as of the end of 31 December 2022. For the period from 1 January 2023 to 31 January 2023, Supervisory Board member Sabine Eckhardt was appointed on an interim basis as a deputy for the absent member of the Management Board following Florian Wieser's departure. From 1 February 2023, Dr Kai-Ulrich Deissner was appointed as a member of the Management Board of CECONOMY AG for a term of three years.

2. PERSONNEL CHANGES ON THE SUPERVISORY BOARD

Personnel changes among the shareholder representatives

After his court appointment of 24 June 2022 had ended at the end of the CECONOMY AG General Meeting on 22 February 2023, the term of Erich Schuhmacher as shareholder representative was extended by his appointment following his first election at this General Meeting. At the General Meeting on 22 February 2023, Christoph Vilanek's term as shareholder representative was also extended by his re-election.

Personnel changes among the employee representatives

In financial year 2022/23, the employee representatives Wolfgang Baur, Kirsten Joachim Breuer, Thomas Fernkorn, Stefanie Nutzenberger, Jens Ploog and Dr Lasse Pütz left the Supervisory Board. Their term ended with the conclusion of the elections of employee representatives to the Supervisory Board on 3 March 2023.

In the elections of employee representatives to the Supervisory Board on 3 March 2023, the Supervisory Board members Corinna Groß, Stefan Infanger, Maria Laube, Paul Lehmann, Julian Norberg and Maren Ulbrich were each elected to the Supervisory Board for a term until the end of the General Meeting in 2028.

The distribution of skills and expertise according to the profile of skills and expertise resolved by the Supervisory Board in financial year 2022/23 and up to 13 December 2023, inclusively, is as follows:

Distribution of skills in CECONOMY AG's Supervisory Board

Retail

K. Adt
D. Eckardt
L. Glosser
C. Groß
D. Huber
J. Kellerhals
M. Laube
P. Lehmann
J. Norberg
J. Schulz
E. Schuhmacher
M. Ulbrich
C. Vilanek
S. Woelke

Services

T. Dannenfeldt
D. Eckardt
L. Glosser
S. Infanger
J. Norberg
J. Schulz
C. Vilanek

Digitalization/technology

T. Dannenfeldt
S. Eckhardt
L. Glosser
C. Groß
D. Huber
S. Infanger
J. Norberg
M. Ulbrich
C. Vilanek

International experience

K. Adt
K. Dohm
M. Ulbrich
C. Vilanek

Corporate governance

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

Marketing

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

Human resources

K. Adt
L. Glosser
C. Groß
P. Lehmann
J. Schulz
S. Woelke

Mergers and acquisitions (M&A)

K. Dohm
S. Eckhardt
F. Funck
D. Huber
J. Kellerhals
E. Schuhmacher
C. Vilanek

Compliance

K. Dohm
S. Infanger
S. Woelke

Internal control procedures

K. Adt
K. Dohm
C. Plath
S. Woelke

Accounting

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

Sustainability management

D. Eckardt
S. Eckhardt
P. Lehmann

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, internationally operating 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.

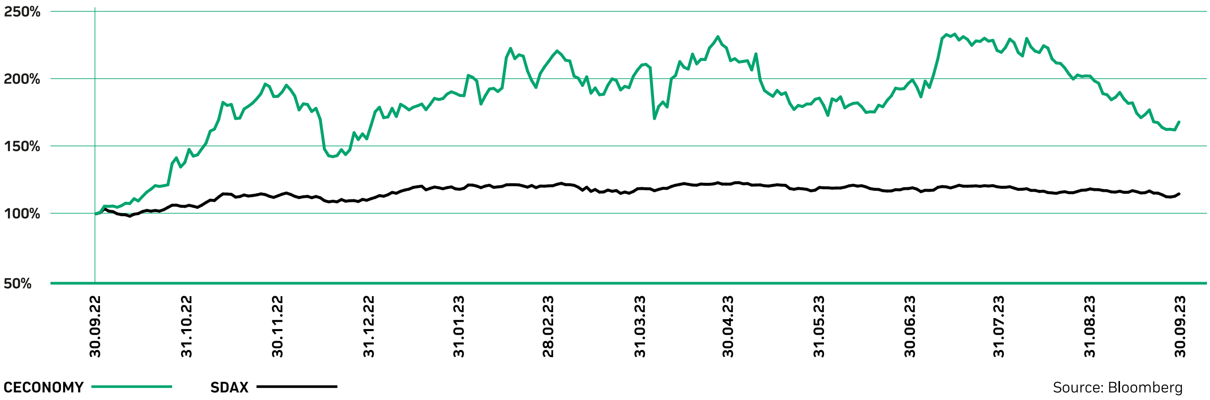
CECONOMY AT THE CAPITAL MARKET

Performance of the CECONOMY AG shares

The ordinary share of CECONOMY AG started financial year 2022/23 with an upward trend, benefiting from the trading statement issued on 26 October 2022, which contained a preliminary EBIT indication at the upper end of the forecast range. On 1 November 2022, the share exceeded the analysts' average 12-month price target of €1.69 for the first time since 6 January 2021. The share price reached a high of around €2.33 on 2 December 2022, before a downward trend set in. After publication of the audited figures for financial year 2021/22 and the outlook for financial year 2022/23, which was based on two scenarios, on 15 December 2022, the share resumed its upward trend. This trend was supported by the good macroeconomic figures in Europe, which were better than expected and made a recession scenario seem less likely than before, while the Chinese economy recovered.

In an effort to contain inflation, central banks on both sides of the Atlantic raised their interest rates and announced further interest rate hikes at the beginning of February. On the markets, bond yields rose sharply while stock indices posted a mixed performance. Following the strong first quarter and the announcement of the sale of the Swedish businessto Power Retail Sweden on 14 February 2023, the share saw a significant price increase totalling around 15 per cent and closed at €2.65 on 16 February 2023.

Performance of CECONOMY shares and SDAX



Source: Bloomberg

The macroeconomic developments with persistently high inflation in Europe and the USA once again increased the uncertainty and volatility on the stock market with regard to the further development of the economy and the consumer climate. The CECONOMY AG share remained within a range between €2.00 and €2.79. In a still volatile market environment, the share price dropped by around 6 per cent in May 2023 following the publication of the results for the second quarter despite a solid EBIT performance, because the analysts feared sustained sales pressure in Southern Europe.

The global stock markets grew strongly in June 2023. Investors bet on an end to the central banks' rate tightening and the possibility of a soft macroeconomic landing. At its Capital Markets Day on 2 June 2023, CECONOMY AG presented its strategic plans with detailed targets up to 2025/26. The CECONOMY AG share reached its high of €2.79 in mid-July.

In August 2023, the retail sector suffered under macroeconomic fears and weak consumption figures. The economic outlook in Germany deteriorated to the lowest level in 2023. In September, the CECONOMY AG share continued its decline in line with the German stock market, because investors expected longer-lasting interest rate hikes in both Europe and the USA as well as a slowing European economy. The European Commission forecasts that the eurozone economy will grow more slowly than expected this year and next, because high inflation is weighing on consumer demand. The Ifo survey revealed an unchanged economic picture, since the Chinese economy is still not picking up, the high interest rates are hampering economic activity, and the political uncertainty over the energy transition persists. Moreover, the cumulative effects of more expensive loans and months of rising prices are weakening demand. The share closed at a price of €2.00 on 29 September 2023.

In the period from 30 September 2022 to 29 September 2023, the CECONOMY AG grew by around 68 per cent. The share therefore outperformed the benchmark indices STOXX Europe 600 Retail (short index) and the SDAX price index. The STOXX Europe 600 Retail (price index) posted positive development of around 54 per cent in the same period; the SDAX price index was around plus 28 per cent.

Price performance

Share/index	Ticker	Return 30/09/2022 to 29/09/2023 (closing prices)
Ordinary shares	CEC	+67.6%
STOXX Europe 600 Retail (price index)	SXRP	+53.6%
SDAX price index	SDXK	+27.6%

Data based on Xetra closing prices
Source: Bloomberg

Information about the CECONOMY shares

	Ordinary shares
Code number	725 750
ISIN code	DE 000 725 750 3
Reuters code	CECG.DE
Bloomberg code	CEC GY
Number of shares as of 30/09/2022	485,221,084
Number of shares as of 30/09/2023	485,221,084

Shareholder structure of CECONOMY AG

Below, the shareholder structure as of 30 September 2023 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 voting rights notifications and notifications of managers' transactions, Convergenta/Kellerhals family is the largest shareholder with a share of 29.2 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.

FREE FLOAT

As of the reporting date, the free float of voting rights amounted to 36.3 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 Switzerland and the United States.

Dividend

The Management Board and the Supervisory Board have resolved to propose to the General Meeting on 14 February 2024 that the balance sheet profit for financial year 2022/23 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 2023, due among other things to the capitalization of deferred taxes in the balance sheet.

Analyst recommendations

As of the end of financial year 2022/23, ten analysts from international banks and brokers were covering and assessing the share of CECONOMY AG. Three analysts recommended the CECONOMY share as a “Buy”. Three analysts rated the share as “Hold” or “Neutral”. Four “Sell” recommendations were also made. The median target price as of the closing date was €2.34.

STRATEGY

Point of departure

The consumer electronics market is characterized by innovation and continuous development. Technology is playing an increasingly important role in customers' lives, the digitalization of all areas of life is proceeding at a rapid pace and product innovations emerge on a monthly basis. At the same time, sustainability – for example in the form of sparing use of resources and energy efficiency – is evolving from a hygiene factor into a central purchasing criterion. This dynamic market is sparking interest in people across all customer segments, changing customer requirements and influencing consumer behaviour.

Today, customers expect much more than mere access to technology products: they want guidance, advice, premium shopping experiences, innovative assortments and services that create added value across the entire product lifecycle. Customers are also looking for solutions for more conscious consumption that minimize their environmental footprint and contribute to the circular economy.

Strategic framework: "experience electronics"

Key aspects of strategy development

Our strategy is all about the customer		
Approximately 2 billion customer contacts	**+53** net promoter score[1]	**Approximately 38 million** loyalty programme members

[1] Leading measure of customer satisfaction on a scale from −100 to +100

CECONOMY places its customers at the centre of its strategy and consistently gears its activities to their needs. This central strategic principle is also embedded in the company's purpose: "We create experience electronics to enrich people's lives." With its "experience electronics" target picture, CECONOMY as the European market leader sets new standards for customer experience, the conscious discovery of technology and the support for customers in their day-to-day life. This is based on four strategic pillars that improve customer experience and thus increase customer satisfaction and loyalty:

- **Employee experience:** The approximately 50,000 employees offer in-person advice every single day – and crucially set the company apart from pure online retailers. Systematic training, enhancement of the process landscape and service culture help to continuously improve service quality.

- **Shopping experience:** Differentiating shopping experiences start with a personalized approach, rich information and intuitive customer navigation. CECONOMY follows a "mobile-first" omnichannel approach, which integrates customer experiences in the digital and in-store worlds as seamlessly as possible, from a better user experience in the app to modernized stores with "experience zones" that offer the opportunity to experience technology at first hand. It is also vital to select the right product assortment, which is thought and curated from the customers' perspective. Powerful logistics and the promise of fast, reliable delivery round off the customers' shopping experience.

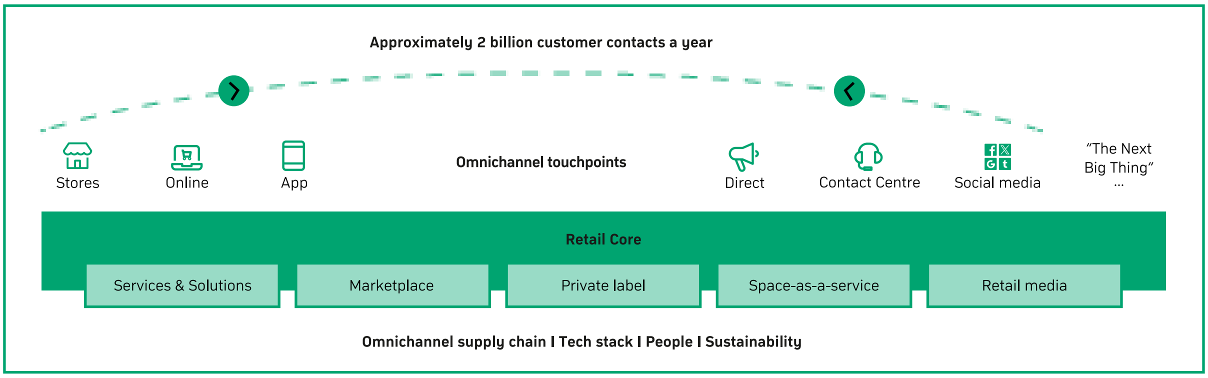
- **Usage experience:** CECONOMY's strategy defines new standards for the customer experience along the entire lifecycle. It is increasingly common that a typical customer experience starts with the trade-in of an old product and is enriched with category-specific services – to support the sale (e.g. financing), to offer peace of mind (e.g. insurance), and for easy use (e.g. repair, coffee capsule subscription) throughout the product lifecycle. To this end, CECONOMY is also entering into more strategic partnerships in order to offer customers the best services on the market.

- **Impact experience:** Sustainability is evolving from a hygiene factor to a key differentiator for CECONOMY, giving customers easier and more holistic access to the circular economy. This includes information, advise, trade-in offers, rental and leasing options and the widescale expansion of the sustainable product range, including refurbished products. CECONOMY is underpinning its efforts for customers by significantly accelerating the decarbonization of its own business activities and with social engagement.

Business model: omnichannel service platform

CECONOMY operates an omnichannel service platform with a reach of around 2 billion customer contacts a year. The platform offers customers and partners a broad spectrum of opportunities to get in touch with consumer electronics and to make use of relevant services. The aim is to turn satisfied customers into loyal customers. This stickiness is the basis for the continuous growth of the various platform business models.

CECONOMY's omnichannel service platform



Retail of consumer electronics and related product categories is the core of the business and is complemented by margin-boosting business models – consisting of services in direct relation to the product purchase, but also product-independent services.

- The basis of the business model is the **retail core** business – i.e. in-store and digital retail of consumer electronics products. The focus is on a well-curated and increasingly sustainable offering. CECONOMY regularly expands the range with high-growth categories such as gaming, health and electric mobility.

- The **Services & Solutions** business offers a constantly growing portfolio of services such as repairs within a category-specific architecture. This not only maximizes customer benefit, but is also an important lever for profitability. Based on the recent enhancement of billing and self-service capabilities, new and existing services are increasingly being sold as subscription models, resulting in long-term customer relationships with recurring cash flows.

- MediaMarktSaturn's **Marketplace** offers an extensive product range in addition to its own retail business. Customers can seamlessly access a manufacturer's full range ("long tail") as well as complementary offerings from third parties. CECONOMY benefits from commissions without taking on inventory risk.

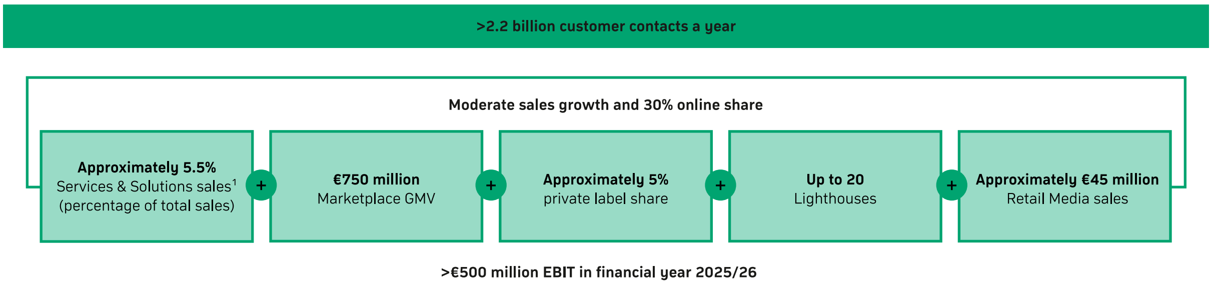
- The **private label business** offers attractive value-for-money alternatives from the Koenic, ISY, Peaq and ok. brands in the main product categories and thus increases the relevance of the assortment for customers. CECONOMY can generate higher margins thanks to the greater vertical integration. To fully utilize the potential, the focus is put on optimizing and integrating the assortment.

- The **space-as-a-service** business offers industry partners access to store space, allowing them to benefit from CECONOMY's reach. Here, leading manufacturers can present their brand and product innovations embedded ina unique shopping experience. CECONOMY thus increases the value of retail space, generates recurring cash flows and deepens its relationship with the industry. The concept is being refined and successively rolled out internationally.

- **Retail media** enables manufacturers and advertisers to use the wide reach of CECONOMY's digital channels for their own marketing activities. For end customers, this means an enhanced shopping experience thanks to more relevant offer communication, while CECONOMY taps into a highly scalable business that it will expand with additional products.

The targets of the individual business models for financial year 2025/26 are clearly defined, and the capital markets are informed about the progress at regular intervals and with complete transparency.

Targets for financial year 2025/26



[1] Operating Services & Solutions sales as a percentage of total sales (e.g. not including Retail Media, Marketplace commissions and fees, deliveries)

Strategy implementation

In the past financial year, CECONOMY initiated important structural improvements in order to implement the strategy in an even more targeted manner. These particularly include the group-wide programmes for liquidity management, cost reduction and process streamlining in administrative functions as well as a programme for margin stabilization and optimization. In line with the "lead or leave" approach, CECONOMY also sold its businesses in Sweden and Portugal in order to shape the transformation from a leading market position in all countries. The consistent implementation of the strategic priorities is ensured through coordinated steering and governance between the holding company and country organizations.

The strict focus on customers is paying off: The net promoter score, a leading indicator for measuring customer satisfaction, has reached a record +53. The repositioning of the brand has continued, embedded in international campaigns with the central theme of "Let's Go".

The employee experience has been significantly enhanced with an international upskilling programme, which prioritizes customer and service focus. More than 60 per cent of all employees completed the programme in the financial year. Digital training opportunities, leadership and talent programmes, and diversity and inclusion projects were also implemented.

Shopping and usage experience were also improved, with better functionality in digital channels such as the MediaMarkt app, a much wider range of products on the Marketplace (1.4 million stock-keeping units with a gross merchandise value (GMV) of over €135 million), and faster modernization of the store portfolio. 51 per cent of stores have already been modernized, and 36 stores are being run in new, innovative formats.

The service portfolio was also expanded further. The main focus was on the expansion of subscription models, the introduction of new payment options and expanded software offerings. A comprehensive service concept has also been developed with MyMediaMarkt+, which offers customers additional repair services, tech support, advice and other advantages.

Sustainability is increasingly firmly embedded in the strategy and operating business. The share of products certified as sustainable under MediaMarktSaturn's own "BetterWay" label increased to 11.5 per cent in financial year 2022/23, with energy efficiency and refurbished products playing an increasingly important role in the curation of the assortment. The trade-in service was rolled out internationally and scaled up to more than 200,000 transactions. At the same time, internal CO_2 emissions (Scope 1-2) were reduced by 39 per cent to 42.9 thousand tonnes of CO_2 equivalents.

In the new financial year, CECONOMY will continue working on innovations to improve omnichannel customer experiences. These include the continuous updating of the product range, the introduction of new store concepts such as a mobility store concept, and the continuous development of MyMediaMarkt+ as one of the key new offerings for customers. In addition, the business will be further improved through the targeted use of new technology and artificial intelligence applications – from chatbots to the generation of content or automation of processes.

COMBINED MANAGEMENT REPORT

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

CECONOMY AG performed positively in the past financial year and successfully navigated the economic challenges with determination and a clear vision. In an environment characterized by inflation and muted consumer sentiment, CECONOMY not only generated solid sales growth, but also significantly increased adjusted EBIT. This success is a clear demonstration of the company's effective and targeted renewal. Particularly noteworthy is the significantly improved free cash flow compared with the previous year. Overall, CECONOMY is well on its way to consolidating and building on its position as an industry leader.

The new financial year got off to a successful start. The good preparation for the Christmas business paid off – the brick-and-mortar business in particular saw considerable growth. In Germany, efficiency was increased by the combined brand management of MediaMarkt and Saturn. The good operating momentum largely continued in the second and third quarters. In a difficult industry environment, CECONOMY outperformed the market in some important countries and thus maintained its own market share overall. This development was curbed slightly by a downturn in consumer confidence in the fourth quarter, which also impacted competitors.

In June of the financial year, the management presented a strategy update including medium-term targets at Capital Markets Day. The corporate strategy continues to focus on the customer experience. With it MediaMarkt and Saturn brands, CECONOMY no longer wants to just sell consumer electronics, it wants to evolve into a customer-centric service platform. As part of its omnichannel strategy, the company is therefore doing everything to further improve the shopping experience and customer satisfaction across all channels and to incorporate sustainability as an integral part of the strategy. In addition to operating performance, the success of these measures is also evidenced by another figure: Customer satisfaction, measured by the net promoter score[1], reached its highest level since measurements began in the past financial year.

CECONOMY made major operating progress in financial year 2022/23 in strategic areas such as technology, logistics and sustainability. For example, the Group further centralized and standardized its logistics, IT and order processes and expanded the range of sustainable services internationally, for example with services for the repair, return and refurbishment of old devices. The Group saw good growth rates in the customer loyalty programmes and drove the modernization of existing stores and the opening of new stores that are more precisely tailored to various customer needs. For the expansion of the online share, CECONOMY worked to improve online functions and content, and increase the popularity and usage of the MediaMarkt app. The growth drivers Marketplace and retail media continued to be rolled out internationally. The strategically important own brand business was also expanded further.

In addition, disciplined cost and margin management strengthened the company's profitability and resilience. With the implementation of an efficiency programme and the elimination of Sweden and Portugal from the country portfolio, CECONOMY made important adjustments that enable it to react with more flexibility and adaptability to market conditions and to sustainably increase profitability. CECONOMY significantly increased its free cash flow by €873 million in the past financial year. The measures to strengthen liquidity are also yielding tangible success.

The consumer electronics market will remain attractive in the long term and continues to offer strategic growth opportunities. The strategy for this is clear and the transition to a more profitable business model is well underway. The Management Board is therefore convinced that CECONOMY is well equipped to master challenges in the market environment or resulting from macroeconomic factors and to achieve the medium-term targets communicated on the capital market.

[1] Unaudited information extraneous to the management report

OVERVIEW OF FINANCIAL YEAR 2022/23 AND OUTLOOK

Earnings position

- In financial year 2022/23, CECONOMY's Group sales increased by 2.2 per cent to €22.2 billion compared with the previous year (2021/22: €21.8 billion).

- Adjusted for currency and portfolio change effects, sales were moderately above the previous year's level by 4.7 per cent (like-for-like: 4.3 per cent) and thus matched the published outlook for the financial year.

- Group EBIT amounted to €–21 million (2021/22: €105 million). This includes non-recurring earnings effects of €–70 million (2021/22: €–62 million) and earnings effects from companies accounted for using the equity method of €–132 million (2021/22: €–30 million).

- Adjusted for these effects and portfolio changes, Group EBIT amounted to €243 million and was thus significantly above the previous year's level (2021/22: €208 million) and in line with the outlook, which expected significant earnings growth.

- The net result decreased to €–39 million (2021/22: €126 million), partly due to the impairment of the share in Fnac Darty S.A. of €82 million (2021/22: €56 million).

- Undiluted earnings per share likewise decreased to €–0.08 (2021/22: €0.31), particularly due to the recognized impairment and the expenses from the subsequent measurement of the share in Fnac Darty S.A.

Financial and asset position

- Equity decreased by €127 million to €465 million as of 30 September 2023 (30/09/2022: €592 million). The equity ratio is 4.8 per cent (30/09/2022: 5.9 per cent).

- Net debt amounted to €1,687 million as of 30 September 2023 (30/09/2022: €2,004 million). Adjusted for the recognition of lease liabilities in the statement of financial position due to IFRS 16, net liquidity amounted to €97 million (30/09/2022 adjusted: net debt of €–43 million).

- Investments as per segment report are at €668 million and thus were €94 million lower than the previous year's figure (2021/22: €762 million).

- In the past financial year 2022/23, cash flow from operating activities led to a cash inflow of €1,004 million (2021/22: €127 million).

- Total assets declined by €363 million to €9,635 million as of 30 September 2023 (30/09/2022: €9,998 million).

- The balance sheet net working capital changed by €–277 million year-on-year to €–705 million (30/09/2022: €–428 million).

- The assessments of CECONOMY AG's ratings as of 30 September 2023 were as follows: BB-/stable (S&P Global Ratings; rating began in 2022/23), BB/stable (Fitch Ratings; rating began in 2022/23), BBB-/negative (Scope Ratings; previous year: BBB-/stable).

Outlook for CECONOMY

We operate in a challenging environment characterized by high volatility. Persistently high inflation rates and geopolitical tensions are impacting consumer sentiment, which has a significant influence on sales in the consumer electronics business.

CECONOMY will continue to counteract the uncertainty by consistently aligning our actions with customer requirements in line with our strategy. So we have taken measures in order to prevail under challenging conditions. The successful conclusion of financial year 2022/23 shows that we are on the right track.

For financial year 2023/24, we expect a slight increase in total sales adjusted for currency effects across all segments. We also expect a clear improvement in adjusted EBIT resulting from the DACH and Western/Southern Europe segments. Because of the challenging environment for the consumer electronics market, we expect a decline in the Eastern Europe segment.

The outlook is adjusted for portfolio changes and does not take into account the earnings effects from companies accounted for using the equity method. Accounting effects of the application of IAS 29 in Türkiye as a hyperinflationary economy are likewise unaccounted for. It also does not include non-recurring effects, especially in connection with the simplification and digitalization of central structures and processes and changes in the legal environment.

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 2023, the company was represented by 284 stores and employed around 11,000 people. MediaMarkt has a European presence in eleven countries with 884 stores and roughly 36,000 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 2023, Saturn was represented by 114 stores and employed around 5,000 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 the end of December 2022, the Group comprised an omnichannel network of 987 stores in 12 countries. Online, the Fnac Darty websites alone had an average of nearly 24 million visitors per month in 2022. Fnac Darty S.A. achieved sales of around €8.0 billion in 2022.

Store network by country

	30/09/2022	Openings/additions 2022/23	Closures/disposals 2022/23	30/09/2023
Germany	399	4	−5	398
Austria	52	2	0	54
Switzerland	25	0	0	25
Hungary	36	3	0	39
DACH	**512**	**9**	**−5**	**516**
Belgium	23	0	−1	22
Italy	122	4	−1	125
Luxembourg	2	0	0	2
Netherlands	49	0	−1	48
Portugal	10	0	−10	0
Spain	107	4	−1	110
Western/Southern Europe	**313**	**8**	**−14**	**307**
Poland	81	0	−1	80
Türkiye	89	6	0	95
Eastern Europe	**170**	**6**	**−1**	**175**
Sweden	29	0	−29	0
Others	**29**	**0**	**−29**	**0**
CECONOMY	**1,024**	**23**	**−49**	**998**

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 Türkiye. 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 2022/23 based on exchange rates for full year 2022/23). 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 the simplification and digitalization of central structures and processes, from the strengthening of the retail brands in Germany, from legal risks in connection with changes in the legal environment, and accounting effects from the application of IAS 29 in Türkiye, which is classified as a hyperinflationary economy, are not included in adjusted EBIT for financial year 2022/23. For the previous year 2021/22, 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 Türkiye, which is classified as a hyperinflationary economy (IAS 29), and risk provisions for legal risks are not included in adjusted EBIT.	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
Marketplace sales (GMV)	Marketplace sales refers to the gross merchandise value (GMV), i.e. the value of all merchandise sold including VAT and delivery costs and after cancellations and returns, that is generated via Marketplace. This includes the sales of third parties. Only retained commissions and fees are included in the total sales figure for the relevant period.	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
Services & Solutions income	In contrast to Services & Solutions sales, Services & Solutions income is sales less the corresponding cost of sales.	Earnings position
Retail media income	Retail media income is income from the sale of retail media products. These are Sponsored Product Ads (SPA), Sponsored Brand Ads (SBA), Consideration Report, Action Report and A+ Content.	Earnings position
Own brand share	The own brand share is the share of sales generated with own brand products in the total sales of the period in question.	Earnings position
(Adjusted) gross margin	The (adjusted) gross margin equals (adjusted) gross profit on sales divided by (adjusted) total sales. Gross profit on sales is defined as total sales less cost of sales. Cost of sales also includes income from subsequent remuneration. Adjustment of the gross margin relates to portfolio measures, earnings effects from companies accounted for using the equity method, and all non-recurring earnings effects (see adjusted EBIT for the definition).	Earnings position
(Adjusted) operating expenditure (OPEX)	(Adjusted) operating expenditure comprises selling expenses, general administrative expenses and other operating expenses. Adjustment of operating expenditure relates to portfolio measures, earnings effects from companies accounted for using the equity method, and all non-recurring earnings effects (see adjusted EBIT for the definition).	Earnings position
(Adjusted) OPEX ratio	The (adjusted) OPEX ratio equals (adjusted) OPEX divided by (adjusted) total sales.	Earnings position

Key figure	Description	Section
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
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 (adjusted) total sales.	Earnings position
EBT	EBT means earnings before income taxes. EBIT +/– 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 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

Key figure	Description	Section
Other operating key figures		
Loyalty members	Number of members of customer loyalty programmes	Earnings position
Modernization rate	Modernized stores of the “Core” store format as a proportion of the total number of “Core” stores	Earnings position
Inventory coverage	Inventory coverage is inventories as of the reference date divided by the average cost of sales of the last 30 days. Inventory coverage is stated in weeks.	Earnings position
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 assets) 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
Number of Lighthouse stores	The number of Lighthouse stores means the number of stores operated in TechVillage or Xperion format.	Earnings position
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
Proportion of women	The proportion of women is the number of female employees divided by the number of employees in the total workforce.	Remuneration report
Net promoter score (NPS)	The NPS measures the extent to which customers would recommend a company/brand and provides information on customer loyalty and satisfaction. The customer rates the likelihood that they would recommend the company/brand on a scale from 0 (very unlikely) to 10 (very likely). The numerical NPS value is calculated as the difference between promoters (9–10 on the scale) and detractors (0–6 on the scale) and can be between −100 and +100.	Remuneration report
Net promoter people (NPP)	NPP measures the extent to which employees would recommend a company and provides information on employee loyalty and satisfaction. The employees rate the likelihood that they would recommend the company on a scale from 0 (very unlikely) to 10 (very likely). The numerical NPP value is calculated as the difference between promoters (9–10 on the scale) and detractors (0–6 on the scale) and can be between −100 and +100.	Remuneration report
Absolute total shareholder return (aTSR)	aTSR describes the performance of CECONOMY’s ordinary share (ISIN: DE0007257503) in a defined period, measures as a percentage change versus the starting price.	Remuneration report
Relative total shareholder return (rTSR)	rTSR describes the relative performance of CECONOMY’s ordinary share (ISIN: DE0007257503) compared with the performance of two indices, namely MDAX (ISIN: DE0008467416) and STOXX® Europe 600 Retail (ISIN: CH0102634984), in a defined period.	Remuneration report
CO_2 emissions Scope 1–2 (carbon footprint)	Scope 1 and 2 describes the greenhouse gas emissions in thousands of tonnes of CO_2 (CO_2 equivalents). While Scope 1 measures direct greenhouse gas emissions (e.g. as a result of the vehicle fleet), Scope 2 measures indirect greenhouse gas emissions (e.g. purchase of electricity for the operation of the stores).	Separate non-financial group report

Based on similar economic conditions and business activities of the operations, individual countries are aggregated to form the following reportable **operating segments**:

– DACH: Germany, Austria, Switzerland, Hungary

– Western/Southern Europe: Belgium, Italy, Luxembourg, Netherlands, Portugal (until 30 September 2023), Spain

– Eastern Europe: Poland, Türkiye

All non-reportable operating segments as well as business activities that do not meet the criteria to be defined as an operating segment are grouped together under “Others”. This particularly includes Sweden (until 1 August 2023), the CECONOMY AG holding company and smaller operating companies.

Sustainability management

On the basis of impact experience, CECONOMY counts sustainability as one of the four cornerstones of its strategic advancement. The company pursues a far-reaching sustainability strategy with clear goals. The increasing demands on companies with regard to the reduction of greenhouse gas emissions, the preservation of resources and compliance with the law, combined with the view that sustainability is an integral ingredient in the company's growth, 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 the expectations of all stakeholders.

Sustainability strategy

CECONOMY has set itself ambitious, strategic ESG targets:

"We offer a climate-neutral shopping experience"
CECONOMY has set itself ambitious climate targets in order to reduce emissions (Scope 1-3 reduction). Thanks to the reduction of emissions from purchased own-brand products, supplier engagement, the associated reduction of emissions generated when end customers use products, and carbon-neutral delivery to customers, customers have the opportunity to make a climate contribution with their purchase.

"We provide the most sustainable range of consumer electronics and are pioneers of the circular economy in Europe"
Maximum circular economy thanks to energy-efficient, sustainably produced and packaged projects as well as offerings that make products more attractive to customers and usable for longer. At the same time, the product lifecycle is extended through repairs and other services and products are made available for secondary and tertiary use.

"We take social responsibility for our employees, suppliers and communities"
Our business is based on social responsibility to employees, suppliers throughout the supply chain and the communities affected by CECONOMY. Diversity also plays a central role for the Group.

The ten material topics identified by a materiality analysis in the last financial year are part of the sustainability strategy and also determine the content of the separate non-financial group report.

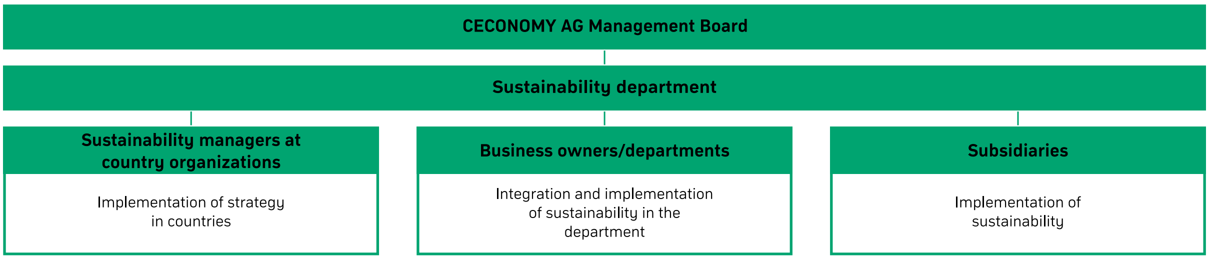
↗ The separate non-financial group report contains information on the sustainability strategy of CECONOMY and its implementation and measures. It also reports on sustainability at CECONOMY and the associated management approaches, targets and key figures. The separate non-financial group report is also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

Sustainability management and organization

In order to vigorously pursue the Group's sustainable transformation, the topic of sustainability management resides with the Management Board of CECONOMY AG. The Vice President for Sustainability reports directly to the Management Board and manages the sustainability concerns of CECONOMY AG and the MediaMarktSaturn Retail Group (MMSRG). His department is responsible for devising the strategy, updating the key performance indicators and tracking all targets and progress. He is supported in this by the local sustainability managers in the various country organizations, who act as local contacts and have the task of conveying the understanding of sustainability to their countries and deriving appropriate country-specific activities on this basis. In effective sustainability management, the Management Board ensures a high level of transparency both internally and externally, defines the company's overall strategy, strengthens the conditions for the respective sustainability initiatives and monitors their development. In regular meetings, the Management Board and Supervisory Board, together with the Vice President for Sustainability, assess and 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 Sustainability department at CECONOMY promotes discussion with internal and external stakeholders and further develops sustainability communication. Together with the Sustainability department, the countries' sustainability managers make up the sustainability organization.

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 business register.

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 prioritizing the employee experience especially for those employees who have daily, direct customer contact and make all the difference in our competitive industry. 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 employee experience, employee satisfaction is a strategically vital topic. To measure satisfaction and thus take employees' concerns into account, CECONOMY conducted two anonymous, 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/stores.

In addition, the tools for employee development were enhanced on the basis of the company and leadership principles. The Performance Dialogue – an annual conversation between employees and their managers – was accordingly adjusted and further digitalized. The new process is currently being rolled out across all countries and levels. Similarly, in the selection and training of managers, there was an increased focus on compliance with the company-wide principles as a basic requirement for career advancement. CECONOMY will continue on this path in the years to come.

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 country-specific programmes are the German "Empower" programme, a six-month, hybrid learning journey for managers, and the "Services & Solutions Upskilling" training programme, in which, alongside a "train the trainer" approach, a seven-part workshop series was rolled out in all stores and countries in order to raise store employees' awareness of the topics of services and customer-centricity and to ensure an attractive customer experience. 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, retail- and technology-driven companies in particular are facing various challenges. CECONOMY responds to these challenges by actively establishing topics relevant in competition such as digitalization and customer and service focus and putting these into practice in programmes.

In recent months, CECONOMY has launched various onboarding initiatives, such as the "Wowboarding Platform" in Poland, which makes a range of documents, checklists and people to contact digitally available to all employees in stores and at head office as part of pre- and onboarding before their first day of work. The interactive platform is accompanied by a quiz and a "buddy programme" with the aim of establishing a sense of belonging from day one and reducing employee turnover.

In Germany, digital induction events were likewise established for all store employees this year, which are carried out on a monthly basis by regional managing directors. The events not only serve the communication of strategy and offers, but also provide the opportunity to network and exchange ideas with mentors, local and regional managers and service departments. The aim is high employee engagement and a good employee experience from day one.

In addition, CECONOMY is taking measures to improve its image among potential applicants. By means of the new employer branding strategy, which both places the focus on employees as brand ambassadors and engenders transparency and attractiveness with meaningful messages, CECONOMY is strengthening its employee value proposition as an employer, promoting authenticity and helping to establish a strong and increasingly renowned employer brand, which will make it possible to attract, retain and nurture the best talents in the retail sector, also in the long term. Career landing pages were also updated with new employer branding images and texts and technically optimized, creating a clear, uniform and easier-to-find external profile for the Group.

The strategically relevant employee referral program in Germany for the acquisition of new talents, which ensures that suitable candidates are identified by existing employees and promotes employee loyalty to the company, is now an established institution.

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

Training at CECONOMY

	2021/22	2022/23
Average total number of trainees	2,566	2,611
thereof in Germany	(1,995)	(2,066)
thereof international	(570)	(545)
New trainees hired in Germany	1,318	1,174
Training rate (including interns and students) in Germany (in %)	9.3	9.9

The CECONOMY Group offers 13 different training options (2021/22: 13) and employed 2,611 trainees in financial year 2022/23 (2021/22: 2,566).

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 the opportunity to begin a dual study programme with practical components. In the reporting period 2022/23, 105 students in Germany took up this offer (2021/22: 114).

DEVELOPMENT OF YOUNG TALENT

Special finance, IT and omnichannel graduate trainee programmes are implemented for young talents at MMSRG. These programmes encourage graduates to take ownership of their career 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 talents. 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 “LEAD” development 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 has again been adopted in the current Group-wide “Services & Solutions Upskilling” programme. Here, particularly strong employees are trained by professional trainers to go on and train their colleagues and to let them benefit from their experiences in a structured way. Regardless of the content of this programme, the didactic skills learnt are also applicable to other areas of employee development in the future.

Furthermore, the international pool of talents has been further expanded, and the participants of the second cohort are currently being prepared for their next management role in a nine-month learning journey. In parallel, a comparable 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. The success of this pool is reflected in a growing number of successful internal recruitments and international succession arrangements.

EMPLOYER BRAND AND HR MARKETING

Recruiting employees, especially young talents and specialists, is of key strategic importance for the entire CECONOMY Group. The company’s measures have been significantly updated in recent years: In addition to a more digitalized recruiting process, a new look & feel has been created to effectively support the communication of the company’s central promises. The aim was firstly to modernize and improve the content of job offers and secondly to establish a redesign of recruiting processes and globally consistent branding, for example with harmonized career pages.

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 8.95 years and thus slightly longer than in the previous year (2021/22: 8.76 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 %	2021/22	2022/23
DACH	25.7	26.6
Western/Southern Europe	40.5	44.9
Eastern Europe	42.4	46.0
Others	51.1	38.6
CECONOMY	33.5	35.5

Diversity management

CECONOMY is convinced that inclusion and diversity lead to better business results – 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 2022/23

	30/09/2022	30/09/2023
Average age of workforce (years)	37.6	37.9
Proportion of employees aged 50 or over in the total German workforce (in %)	22.9	23.5
Proportion of employees aged 50 or over in the total international workforce (in %)	9.5	10.2
Employees with a recognized severe disability or equivalent in Germany	521	519
Employees with a recognized severe disability or equivalent internationally	444	467

CECONOMY relies partly on international cooperation for the successful implementation of the growth strategy. Employees from a total of 133 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.

In the "Unconscious Bias" campaign, the top 100 managers were trained in webinars and an e-learning was designed for all Group employees. In Germany, a campaign with self-made videos and posts on the topic of anti-discrimination took place in connection with the roll-out of a new "anti-discrimination guideline".

Development of employee numbers

In the reporting period, CECONOMY employed an average of 43,284 (2021/22: 44,649) full-time equivalents. Most of the employees were employed outside the German domestic market. An average of 43,227 (2021/22: 44,584) full-time equivalents worked for MMSRG in the reporting period. Around 52.5 per cent of them worked in the DACH region, and 43.1 per cent of the full-time equivalents worked in Germany.

Development of personnel expenses

Personnel expenses amounted to €2.1 billion in financial year 2022/23 (2021/22: €2.0 billion), of which €1.7 billion (2021/22: €1.6 billion) was attributable to wages and salaries. The rest was attributable to social security contributions and post-employment and other employee benefit costs.

CECONOMY encourages employees to set up a private pension, including voluntary benefits from CECONOMY. 3,569 employees in Germany took up this offer in the reporting period (2021/22: 4,009 employees). This equates to a ratio of 17.0 per cent (2021/22: 18.7 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	
	2022	2023	2022	2023
Germany	18,617	17,935	20,686	20,266
Austria	2,106	2,085	2,525	2,521
Switzerland	677	649	854	813
Hungary	1,469	1,452	1,495	1,477
DACH	**22,869**	**22,122**	**25,560**	**25,077**
Belgium	1,138	984	1,198	1,096
Italy	4,290	4,081	5,086	4,845
Luxembourg	83	74	85	76
Netherlands	2,368	2,248	3,738	3,508
Portugal	422	0	462	0
Spain	5,327	5,132	6,319	6,122
Western/Southern Europe	**13,628**	**12,519**	**16,888**	**15,647**
Poland	3,076	2,891	3,180	2,958
Türkiye	3,143	3,593	3,143	3,593
Eastern Europe	**6,219**	**6,484**	**6,323**	**6,551**
Sweden	799	0	1,147	0
Miscellaneous	221	240	230	255
Others	**1,021**	**240**	**1,377**	**255**
CECONOMY	**43,737**	**41,365**	**50,148**	**47,530**

[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 and their documentation are specified. 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:

Based on the aggregated results of the self-assessments and the findings of the reviews by Internal Audit, the Management Board is not aware of any circumstances that cast doubt on the appropriateness and effectiveness of the internal control system as a whole.

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 and alteration or construction of store locations and the legal departments’ activities are also considered. The safeguarding of governance processes in risk management and compliance management and sustainability-related aspects are likewise part of the internal control system.

In accordance with materiality considerations, all processes included in CECONOMY’s internal control system are prioritized and backed by the definition of numerous organizational measures and control activities. CECONOMY works continuously to improve the authorization and access rules for IT systems, the risk-oriented separation of functions, the ongoing content controls (dual-control 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 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 the MediaMarktSaturn Retail Group (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 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.

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 has been in place since financial year 2021/22, all new employees are required to take mandatory training (online and classroom training) that teaches 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 2022/23.

Global economy
Rising inflation, rising interest rates and the sustained supply shortages exacerbated by the Russian war of aggression against Ukraine continued to hamper the global economic recovery in 2023. These conditions are also having negative effects on private consumption and planned public spending. Rising interest rates around the world will increasingly weaken economic growth and probably lead to a recession in the USA next year. Despite these challenging conditions, global economic growth of 2.8 per cent is expected in calendar year 2023. However, this growth will be much lower in Europe at 0.9 per cent as well as in North America at 1.9 per cent, whereas the growth rate in China of 4.9 per cent will be significantly higher than global growth and also slightly above the growth rates of recent years. In the long-term context, the ongoing tensions between the USA and China will negatively affect growth momentum in China at various levels.

DACH
General economic weakness in the eurozone and structural impediments to growth result in an ongoing strain for the German economy. After a record high of 11.6 per cent in October 2022, the inflation rate dropped sharply to 6.3 per cent in July 2023, but is still at a high level. Gross domestic product (GDP) is expected to decline by –0.3 per cent in 2023 as a whole, which would be less than the previous year's level of 1.9 per cent. In Austria, GDP is expected to stagnate in calendar year 2023 as a whole. In Hungary, after growth of 4.6 per cent in 2022, GDP is expected to contract to –1.2 per cent in 2023 due to the high energy prices and inflation rates. It is also assumed that economic growth in Switzerland will be slightly positive at 0.7 per cent this year.

Western/Southern Europe
Growth of 0.8 per cent is anticipated for calendar year 2023. In Belgium, economic growth is expected to decline from 3.2 per cent in 2022 to 0.8 per cent in 2023. After strong growth of 4.3 per cent in 2022, the Netherlands is expected to achieve only low growth of 0.4 per cent in 2023. After an increase in growth of 3.8 per cent in 2022, a figure of 0.7 per cent is expected for Italy in calendar year 2023. Although Spanish growth declined from 5.8 per cent to 2.4 per cent in 2023, it is still at a positive level thanks to export surpluses and public spending.

Eastern Europe
Growth of 1.9 per cent is expected for calendar year 2023. The high inflationary pressure and the continuing rise of central bank rates, most recently to 25 per cent, are increasingly hampering private consumption and investment growth in Türkiye. After clear GDP growth of 5.5 per cent in 2022, a slowdown to 2.9 per cent is expected in 2023. Low growth of only 0.6 per cent is likewise expected for Poland in 2023, following strong growth of 5.1 per cent driven by inflation in 2022.

Development of gross domestic product

Change year-on-year (in %)	2022[1]	2023[2]
World	3.4	2.8
DACH[3]	2.3	–0.2
Western/Southern Europe[4]	4.0	0.8
Eastern Europe[5]	1.9	1.9

Source: Feri
[1] Previous year's figures may differ from the annual report 2021/22, 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 Türkiye based on the Feri database (incl. purchasing power parities)

[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) and the market research institute GfK.

Development in the consumer electronics retail market

The consumer electronics retail market is currently facing major challenges, largely 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 stable level of sales due to extremely dynamic development in Türkiye. The market share of the online business declined slightly in the past financial year.

DACH

Sales in the German consumer electronics retail market developed declined at a mid-single-digit rate in the past financial year 2022/23. While IT (information technology), CE (consumer electronics) and MDA (major domestic appliances) saw severely negative development, SDA (small domestic appliances) and, underpinned by the introduction of new models, the telecommunications category posted lower sales declines. In Switzerland and Austria, the electronics sector likewise saw slightly negative growth in the mid-single digits. Similarly, the Hungarian market for consumer electronics failed to continue its positive growth trajectory and posted slight sales declines.

Western/Southern Europe

After a decline in the previous year, growth in the Dutch market for consumer electronics did not entirely stabilize in financial year 2022/23. Likewise, Belgium posted slightly negative growth in the low single digits. The Spanish market for consumer electronics saw stable sales development, while Portugal generated growth in the mid-single digits. The Italian market posted moderately negative sales development.

Eastern Europe

The consumer electronics retail market in Türkiye saw extremely positive growth in financial year 2022/23, driven by enormously high inflation. In Poland, however, the market for consumer electronics achieved only low growth in the low single digits in the same period.

Earnings, financial and asset position

Comparison of outlook with actual business developments

The outlook for financial year 2022/23, which was published on 15 December 2022, was characterized by macroeconomic and geopolitical uncertainty. There was particularly high uncertainty regarding the further development of rising inflation rates and the impact of the Russian war of aggression against Ukraine. CECONOMY therefore considered it prudent and appropriate to present the key performance indicators in two future scenarios with their respective assumptions.

SCENARIO 1

In scenario 1, CECONOMY expected a slight increase in total sales adjusted for exchange rate effects and a clear increase in adjusted EBIT for financial year 2022/23. The Western/Southern Europe and Eastern Europe segments were expected to contribute to the slight increase in total sales adjusted for exchange rate effects, while the clear improvement in adjusted EBIT was expected to result from the DACH segment. At the same time, CECONOMY assumed that the macroeconomic conditions at the time the outlook was prepared (inflation, customer demand, availability of goods, no overall restrictions in retail sector) would not deteriorate and the consumer electronics market relevant for CECONOMY's country portfolio would shrink moderately at the most.

SCENARIO 2

In the event of less favourable macroeconomic development and thus a stronger decline in demand in the consumer electronics market relevant for CECONOMY's country portfolio, this would have had a negative impact on CECONOMY's business performance. In this scenario, which CECONOMY then considered less likely, CECONOMY expected a clear decrease in total sales adjusted for exchange rate effects and adjusted EBIT. For the DACH segment, CECONOMY also expected a clear year-on-year increase in adjusted EBIT in this scenario.

Although both scenarios, for both total sales adjusted for exchange rate effects and adjusted EBIT, could have materialized, CECONOMY considered the occurrence of scenario 1 to be more likely at the time.

In light of the business performance in the first nine months of 2022/23, the Management Board of CECONOMY confirmed scenario 1 on 10 August 2023 and withdrew scenario 2. This was mainly driven by the better-than-expected sales development in Eastern Europe. Accordingly, CECONOMY raised the sales forecast from a slight to a moderate increase in total sales adjusted for exchange rate effects, driven in particular by the Eastern Europe segment. Originally, CECONOMY assumed that the Western/Southern Europe and Eastern Europe segments would contribute to a slight increase. On publication of the half-year financial report, the outlook was adjusted to the effect that the DACH and Eastern Europe segments would contribute to a slight increase. On 10 August 2023, CECONOMY also confirmed the forecast that adjusted EBIT would clearly improve compared with the previous year. This improvement was expected to be driven by the DACH and Eastern Europe segments. Previously, CECONOMY assumed that this clear improvement would be driven primarily by the DACH segment.

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

SALES

CECONOMY had forecasted moderate year-on-year growth in total sales adjusted for exchange rate effects for financial year 2022/23 (2021/22: €21.8 billion), driven in particular by the Eastern Europe segment.

The target was met at the level of CECONOMY with a 4.7 per cent increase in total sales adjusted for currency and portfolio change effects. The sales development in Eastern Europe matched the outlook with clear growth.

EARNINGS

For financial year 2022/23, CECONOMY expected a clear improvement in adjusted EBIT compared with the previous year (2021/22: €208 million). The clear improvement in adjusted EBIT was expected to be driven by the DACH and Eastern Europe segments.

With adjusted EBIT of €243 million, CECONOMY achieved this target. As expected, this result was mainly driven by the DACH and Eastern Europe segments.

Earnings position

SALES DEVELOPMENT IN THE GROUP

Financial year

€ million	Sales		Change (%)	Currency effects (%)	Sales adjusted for currency effects and portfolio changes (%)	Like-for-like sales (local currency, %)
	2021/22	2022/23	2022/23	2022/23	2022/23	2022/23
Total	**21,768**	**22,242**	**2.2**	**−1.6**	**4.7**	**4.3**
DACH	12,046	12,054	0.1	0.1	−0.1	0.0
Western/Southern Europe	7,158	7,037	−1.7	0.0	−1.5	−1.9
Eastern Europe	2,054	2,766	34.7	−25.5	65.3	61.5
Others	510	385	−24.7	−5.9	−11.2	–

Quarter[1]

€ million	Sales		Change (%)	Currency effects (%)	Sales adjusted for currency effects and portfolio changes (%)	Like-for-like sales (local currency, %)
	Q4 2021/22	Q4 2022/23	Q4 2022/23	Q4 2022/23	Q4 2022/23	Q4 2022/23
Total	**5,237**	**5,347**	**2.1**	**−3.7**	**2.4**	**1.7**
DACH	2,821	2,685	−4.8	0.3	−5.1	−4.8
Western/Southern Europe	1,740	1,675	−3.8	0.0	−3.7	−4.6
Eastern Europe	556	951	71.2	−44.2	69.0	63.4
Others	120	35	−70.4	−2.9	28.9	–

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

Group sales grow in the full year due to recovery in brick-and-mortar business, Services & Solutions business picks up

In **financial year 2022/23**, CECONOMY's Group sales increased by 2.2 per cent to €22.2 billion. This includes effects from the application of IAS 29 (hyperinflation in Türkiye) of €6 million. On a like-for-like basis, Group sales were 4.3 per cent above the previous year's level. The development of total sales was also influenced by 23 new stores in the past financial year 2022/23 and by 16 new stores in the previous year. The closure of 49 stores in the past financial year and 10 closures in the previous financial year had an opposite effect. 29 of the 49 closures are attributable to the sale of the Sweden business, another 10 to the sale of the business in Portugal. Adjusted for currency effects and portfolio changes, sales increased by 4.7 per cent.

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

€ million	2021/22 as reported	2021/22 before IAS 29	2021/22 in local currency	2022/23 as reported	2022/23 before IAS 29
Total sales	21,768	21,688	21,362	22,242	22,236
Less sales of stores that were not part of the like-for-like panel	–	–	829	–	831
Like-for-like sales	**–**	**–**	**20,533**	**–**	**21,405**

The good sales development in the business period, which was achieved despite the still strained consumer climate and deteriorating consumer sentiment, is mainly attributable to the development of the brick-and-mortar business. The Services & Solutions business also picked up. This development at the start of the financial year also continued in the second quarter in the key countries. On the basis of sustained good development in these areas, the outlook for the positive scenario was finally specified when the figures for the third quarter were published. Due to a deterioration in consumer sentiment, the upward trend was curbed slightly in the fourth quarter and the development of the previous quarters weakened.

Adjusted for currency and portfolio changes, the DACH segment's sales performance was close to the previous year's level at –0.1 per cent **in financial year 2022/23**. In the Western/Southern Europe segment, sales adjusted for currency and portfolio changes declined by 1.5 per cent; a significant sales increase of 65.3 per cent was achieved in Eastern Europe. In contrast, the Others segment declined by 11.2 per cent.

Türkiye developed particularly well and much better than the market as a whole thanks to price- and volume-induced sales growth. Austria and the Netherlands also made a significant contribution and Spain a small contribution to the positive sales growth. Germany declined slightly; Italy saw significant sales losses due to the difficult macroeconomic environment. Throughout the Group, a total of six of the eleven country organizations increased their sales. The Services & Solutions business grew in DACH and Eastern Europe, whereas it declined in the Western/Southern Europe segment.

At 22.2 per cent, the online share of total sales was down on the previous year's figure (2021/22: 24.6 per cent) and well above the pre-pandemic level of 13.7 per cent in 2018/19.

With regard to product categories, sales with consumer electronics products, especially games consoles, performed particularly well. Demand for white goods and mobile telephones was robust, demand for brown goods (especially TVs) persistently weak.

In the **fourth quarter of 2022/23**, CECONOMY generated Group sales of €5.3 billion. This equates to an increase of 2.1 per cent compared with the prior-year period. Adjusted for currency and portfolio change effects, sales increased by 2.4 per cent. On a like-for-like basis, Group sales recorded an increase of 1.7 per cent in the fourth quarter compared with the prior-year period.

Growth momentum slowed down somewhat in the fourth quarter due to the downturn in consumer sentiment. Online sales and the Services & Solutions business declined. Demand for entertainment products, especially games consoles, was also good in the fourth quarter, whereas demand for brown goods was still weak. All countries apart from Spain and Türkiye posted sales declines.

Explanation of sales in the DACH segment

In **financial year 2022/23**, the DACH segment generated sales of €12.1 billion, up 0.1 per cent on the prior-year period. Adjusted for currency and portfolio change effects, segment sales declined slightly by 0.1 per cent.

In Germany, a small sales decline was generated overall. While brick-and-mortar business grew, sales in the online business declined significantly. With good development in the brick-and-mortar business, Austria compensated for the decline in online business and grew overall. In Switzerland, there were declines in both sales channels in an intensely competitive environment.

In the **fourth quarter of 2022/23**, sales in the DACH segment declined by 4.8 per cent to €2.7 billion. Adjusted for currency and portfolio change effects, sales were 5.1 per cent below the comparable figure of the previous year. The further downturn in consumer sentiment led to sales declines in all countries.

Explanation of sales in the Western/Southern Europe segment

In **financial year 2022/23**, sales in the Western/Southern Europe segment decreased by 1.7 per cent to €7.0 billion. Adjusted for currency and portfolio change effects, sales were 1.5 per cent below the comparable figure of the previous year. Strong sales growth was seen in the Netherlands, a slight sales increase in Spain and Belgium. In contrast, Italy saw significant sales losses, primarily due to the end of government subsidies in the TV sector in the past financial year and the difficult macroeconomic environment.

In the **fourth quarter of 2022/23**, the Western/Southern Europe segment posted sales of €1.7 billion, a sales decline of 3.8 per cent compared with the same quarter of the previous year. Adjusted for currency and portfolio change effects, sales were 3.7 per cent below the comparable figure of the previous year. In Spain, the good development continued with stable sales growth, while the other countries of the segment saw sales declines.

Explanation of sales in the Eastern Europe segment

In **financial year 2022/23**, sales in the Eastern Europe segment were up by a considerable 34.7 per cent, totalling €2.8 billion. This includes effects from the application of IAS 29 (hyperinflation in Türkiye) of €6 million (2021/22: €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 65.3 per cent.

Türkiye developed positively as a result of the good demand and market position, newly opened stores and inflation, posting a significant, three-digit percentage sales increase. In contrast, sales in Poland declined.

In the **fourth quarter of 2022/23**, sales in the Eastern Europe segment amounted to €1.0 billion, significantly above the previous year's level. The increase of 71.2 per cent was achieved despite the strong depreciation of the Turkish lira. Adjusted for currency and portfolio change effects, segment sales increased by 69.0 per cent. The good development in Türkiye, driven by continuously strong demand, also drove the sales increase in the fourth quarter. In Poland, there were significant sales declines.

Explanation of sales in the Others segment

In **financial year 2022/23**, sales in the Others segment declined by 24.7 per cent compared with the previous year to around €0.4 billion. This is primarily attributable to the disposal of the Swedish business as of 1 August 2023. The Others segment now comprises smaller operating companies with sales of €4 million in financial year 2022/23 (2021/22: €4 million).

Online and Services & Solutions sales in the Group

Financial year

€ million	Sales		Change (%)	In % of total sales
	2021/22	2022/23		
Online	5,346	4,943	−7.5	22.2
Services & Solutions	1,340	1,379	2.9	6.2

Quarter[1]

€ million	Sales		Change (%)	In % of total sales
	Q4 2021/22	Q4 2022/23		
Online	1,127	1,059	−6.0	19.8
Services & Solutions	390	361	−7.5	6.7

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

Online business declines due to challenging competitive situation

Throughout the Group, CECONOMY's online business declined by 7.5 per cent to €4.9 billion in **financial year 2022/23**, whereas the brick-and-mortar business continued to recover. The online share of total sales in the reporting period amounted to 22.2 per cent (2021/22: 24.6 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 2022/23, the pick-up rate rose to 38 per cent (2021/22: 37 per cent).

In the **fourth quarter of 2022/23**, online sales declined by 6.0 per cent to €1.1 billion and thus amounted to a 19.8 per cent share of total sales (Q4 2021/22: 21.5 per cent). The pick-up rate was 39 per cent (Q4 2021/22: 40 per cent).

Services & Solutions business continues to grow

In **financial year 2022/23**, Services & Solutions sales increased by 2.9 per cent to €1.4 billion. This equates to a Services & Solutions share of total sales of 6.2 per cent (2021/22: 6.2 per cent). The Services & Solutions segment benefited from the recovery in the brick-and-mortar business, with telecommunications services and the sale of extended warranties developing particularly positively. Demand for financing solutions also declined as a result of increased interest rates.

In the **fourth quarter of 2022/23**, Services & Solutions sales decreased by 7.5 per cent to €0.4 billion. The sales share was 6.7 per cent (Q4 2021/22: 7.4 per cent). There was still demand for telecommunication services and the sale of extended warranties.

EARNINGS DEVELOPMENT IN THE GROUP

Financial year

€ million	Reported EBIT 2021/22	Reported EBIT 2022/23	Change	Adjusted EBIT 2021/22	Adjusted EBIT 2022/23	Change
Total[1]	**105**	**−21**	**−127**	**208**	**243**	**35**
DACH	40	75	35	77	142	65
Western/Southern Europe	92	41	−50	114[2]	36	−78
Eastern Europe	31	117	85	31	102	72
Others	−59	−253	−194	−16[2]	−36	−20

[1] Including consolidation
[2] Adjustment for portfolio changes for Portugal in the Western/Southern Europe segment and for Sweden in the Others segment

Quarter[1]

€ million	Reported EBIT Q4 2021/22	Reported EBIT Q4 2022/23	Change	Adjusted EBIT Q4 2021/22	Adjusted EBIT Q4 2022/23	Change
Total[2]	**45**	**−14**	**−58**	**94**	**94**	**0**
DACH	−13	4	17	7	29	21
Western/Southern Europe	67	88	21	88[3]	73	−15
Eastern Europe	4	45	40	3	12	9
Others	−14	−148	−134	−5[3]	−18	−13

[1] In contrast to the figures for the financial year, the quarterly figures and their explanations comprise unaudited information.
[2] Including consolidation
[3] Adjustment for portfolio changes for Portugal in the Western/Southern Europe segment and for Sweden in the Others segment

Adjusted Group EBIT increased to €243 million in the full year

Reported Group EBIT declined by €127 million to €−21 million in the past **financial year 2022/23** (2021/22: €105 million). This development was mainly due to the earnings effects from companies accounted for using the equity method, which decreased by €102 million compared with the previous year's figure to €−132 million (2021/22: €−30 million). This was particularly driven by the impairment of the share in Fnac Darty S.A. of €82 million in the fourth quarter, following impairment of €56 million in the previous year. Reported Group EBIT also includes non-recurring effects totalling around €−70 million (2021/22: €−62 million). There are one-time earnings effects from efficiency increases in connection with the simplification and digitalization of central structures and processes, from the strengthening of the retail brands in Germany, and from legal risks in connection with changes in the legal environment, and accounting effects from the application of IAS 29 in Türkiye, which is classified as a hyperinflationary economy.

Group EBIT adjusted for these effects and portfolio changes was significantly above the previous year's level at €243 million (2021/22: €208 million).

Despite lower inflation rates, EBIT development in the past financial year 2022/23 was affected by persistent inflationary pressure, especially in relation to personnel, energy, rent and rising purchase prices. CECONOMY compensated for this with higher sales as a result of the recovery in brick-and-mortar business, improvements in the Services & Solutions business, and strict cost and margin discipline. The adjusted gross margin of 17.9 per cent was therefore slightly higher than the previous year's figure (2021/22: 17.8 per cent).

In the **fourth quarter of 2022/23**, reported Group EBIT of €−14 million was achieved. In the prior-year period this figure was €45 million. This includes non-recurring effects amounting to approximately €−1 million (Q4 2021/22: €−43 million), mainly as a result of efficiency measures, and accounting effects from the application of IAS 29 in Türkiye, which is classified as a hyperinflationary economy. Negative earnings effects from companies accounted for using the equity method and portfolio changes amounted to €−107 million (Q4 2021/22: €−6 million). Adjusted for these earnings effects, Group EBIT amounted to €94 million and was thus at the previous year's level (Q4 2021/22: €94 million). The adjusted gross margin improved by 70 basis points year-on-year to 19.9 per cent (Q4 2021/22: 19.2 per cent).

Explanation of the result in the DACH segment

In the past **financial year 2022/23**, the DACH segment generated EBIT of €75 million, €35 million above the previous year's level (2021/22: €40 million). This includes non-recurring effects amounting to approximately €−70 million (2021/22: €−37 million). Adjusted for these effects and effects of portfolio changes, EBIT in the DACH segment increased by €65 million to €142 million (2021/22: €77 million). Earnings in Germany increased, while earnings in

Austria were slightly below the previous year's level. In Switzerland, sales and earnings deteriorated significantly due to the aggressive price situation in the market.

In the **fourth quarter of 2022/23**, EBIT in the DACH segment amounted to €4 million and was therefore €17 million above the previous year's level (Q4 2021/22: €−13 million). The non-recurring effects included therein amounted to €−27 million (Q4 2021/22: €−21 million). Adjusted for these effects and effects of portfolio changes, EBIT in the DACH segment increased by €21 million to €29 million (Q4 2021/22: €7 million). The development resulted primarily from an earnings improvement in Germany, whereas earnings in Switzerland were significantly lower than in the previous year.

Explanation of the result in the Western/Southern Europe segment

In Western/Southern Europe, EBIT decreased in the past **financial year 2022/23** by €50 million to €41 million (2021/22: €92 million). This includes non-recurring effects amounting to approximately €−13 million (2021/22: €−24 million). Adjusted for these earnings effects and portfolio changes, EBIT decreased by €−78 million to €36 million (2021/22: €114 million). This is primarily attributable to the earnings development in Italy. Italy saw significant sales and earnings losses, primarily due to the end of government subsidies in the TV sector in the past financial year and the difficult macroeconomic environment. In Spain, too, earnings weakened over the course of the financial year. Countermeasures were taken to improve the operating business, which mitigated the earnings decline. The Netherlands saw positive development driven by sales and margins.

In the **fourth quarter of 2022/23**, the Western/Southern Europe segment generated EBIT of €88 million, €21 million above the previous year's level (Q4 2021/22: €67 million). This includes non-recurring effects amounting to approximately €−6 million (Q4 2021/22: €−23 million). Adjusted for these earnings effects and portfolio changes, EBIT decreased by €15 million to €73 million (Q4 2021/22: €88 million). The decline is due to the continued decline in sales. Earning in Spain and Italy also fell in the fourth quarter, whereas the good development in the Netherlands continued and earnings there were increased.

Explanation of the result in the Eastern Europe segment

In the past **financial year 2022/23**, EBIT in the Eastern Europe segment at €117 million was approximately €85 million above the previous year's level (2021/22: €31 million). This includes non-recurring effects amounting to approximately €14 million (2021/22: €1 million). Adjusted for these earnings effects, EBIT increased by €72 million to €102 million (2021/22: €31 million). The segment's earnings improved due to the good development in Türkiye. Earnings in Türkiye improved significantly in line with strong sales development and improvement in the Services & Solutions business despite an inflation-driven cost increase. In Poland, there was a slight earnings decline.

In the **fourth quarter of 2022/23**, EBIT in the Eastern Europe segment increased by €40 million to €45 million (Q4 2021/22: €4 million). This includes non-recurring effects amounting to approximately €32 million (Q4 2021/22: €2 million). Adjusted for these earnings effects, EBIT increased by €9 million to €12 million (Q4 2021/22: €3 million). This development is also attributable to a significant earnings increase in Türkiye in the fourth quarter. In Poland, the quarterly earnings deteriorated.

Explanation of the result in the Others segment

The Others segment covers, in particular, the activities of the Swedish country organization until it was deconsolidated on 1 August 2023, 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 2022/23**, EBIT declined by €194 million year-on-year to €−253 million (2021/22: €−59 million). This includes non-recurring effects amounting to approximately €−1 million (2021/22: €−1 million). The significant decline in reported EBIT was mainly driven by the impairment of €−82 million (2021/22: €−56 million) and by the subsequent measurement of the investment in Fnac Darty S.A. accounted for using the equity method of €−50 million (2021/22: €26 million). In addition, EBIT was reduced by an impairment loss in connection with the disposal of the Swedish business of €−65 million. Earnings effects from companies accounted for using the equity method and portfolio changes totalled around €−217 million (2021/22: €−42 million). Adjusted for these effects, EBIT decreased by €−20 million to €−36 million (2021/22: €−16 million). The EBIT decline mainly resulted from the provision for Group risks and the negative earnings contribution from a newly established management company.

In the **fourth quarter of 2022/23**, EBIT decreased by €134 million year-on-year to €−148 million (Q4 2021/22: €−14 million). This includes non-recurring effects of €0 million (Q4 2021/22: €−1 million). Earnings effects from companies accounted for using the equity method totalled €−130 million in the fourth quarter (Q4 2021/22: €−8 million). Adjusted for these effects, EBIT decreased by €−13 million to €−18 million (Q4 2021/22: €−5 million).

EBIT ADJUSTMENTS IN THE GROUP

Financial year

2021/22

€ million	Reported EBIT	Non-recurring: Effects of store closures	Non-recurring: Effects of the introduction of the Operating Model	Non-recurring: Transaction costs from minority stake acquisition	Non-recurring: Other	Earnings effects from companies accounted for using the equity method and portfolio changes	Adjusted EBIT
Total[1]	**105**	**–20**	**–36**	**–2**	**–3**	**–40**	**208**
DACH	40	–11	–21	–2	–4	0	77
Western/Southern Europe	92	–9	–15	0	0	2[2]	114
Eastern Europe	31	0	0	0	1	0	31
Others	–59	0	–1	–1	0	–42[2]	–16

2022/23

€ million	Reported EBIT	Non-recurring: Simplification and digitalization of central structures and processes	Non-recurring: Strengthening of the retail brands in Germany	Non-recurring: Other	Earnings effects from companies accounted for using the equity method and portfolio changes	Adjusted EBIT
Total[1]	**–21**	**–62**	**–4**	**–4**	**–195**	**243**
DACH	75	–50	–4	–16	3	142
Western/Southern Europe	41	–9	0	–5	19	36
Eastern Europe	117	–3	0	17	0	102
Others	–253	0	0	–1	–217	–36

[1] Including consolidation
[2] Adjustment for portfolio changes for Portugal in the Western/Southern Europe segment and for Sweden in the Others segment

Quarter[1]

Q4 2021/22

€ million	Reported EBIT	Non-recurring: Effects of store closures	Non-recurring: Effects of the introduction of the Operating Model	Non-recurring: Transaction costs from minority stake acquisition	Non-recurring: Other	Earnings effects from companies accounted for using the equity method and portfolio changes	Adjusted EBIT
Total[2]	**45**	**–13**	**–32**	**–1**	**3**	**–6**	**94**
DACH	–13	–2	–18	–1	0	0	7
Western/Southern Europe	67	–10	–13	0	0	2[3]	88
Eastern Europe	4	0	–1	0	3	0	3
Others	–14	0	–1	–1	0	–8[3]	–5

Q4 2022/23

€ million	Reported EBIT	Non-recurring: Simplification and digitalization of central structures and processes	Non-recurring: Strengthening of the retail brands in Germany	Non-recurring: Other	Earnings effects from companies accounted for using the equity method and portfolio changes	Adjusted EBIT
Total[2]	**–14**	**–25**	**–2**	**25**	**–107**	**94**
DACH	4	–18	–2	–8	3	29
Western/Southern Europe	88	–3	0	–3	21	73
Eastern Europe	45	–3	0	36	0	12
Others	–148	0	0	0	–130	–18

[1] In contrast to the figures for the financial year, the quarterly figures and their explanations comprise unaudited information.
[2] Including consolidation
[3] Adjustment for portfolio changes for Portugal in the Western/Southern Europe segment and for Sweden in the Others segment

NET FINANCIAL RESULT AND TAXES

€ million	2021/22	2022/23
Earnings before interest and taxes EBIT	**105**	**–21**
Other investment result	13	0
Interest income/expenses (interest result)	–47	–91
Other financial result	–22	70
Net financial result	**–56**	**–21**
Earnings before taxes EBT	**49**	**–42**
Income taxes	81	5
Profit or loss for the period	**130**	**–37**

The **financial result** improved by €35 million to €–21 million in financial year 2022/23 (2021/22: €–56 million). This increase is primarily attributable to the effects of the deconsolidation of the Swedish business due to the reclassification of currency effects from equity to other financial result of €76 million. A lower other investment result, which in the previous year included a dividend payment from PJSC "M.video" of €12 million, and the net interest result, due among other things to the generally increased interest rate level, which is reflected in higher interest on lease liabilities, had the opposite effect.

Earnings before taxes decreased from €49 million to €–42 million in financial year 2022/23.

↗ Further information on the financial result can be found in the notes – notes 7, 9 and 10 Other investment result, Interest income/interest expenses and Other financial result.

While tax income of €81 million was recognized in financial year 2021/22, tax income of €5 million was reported in financial year 2022/23. The tax income is primarily attributable to the retroactive capitalization 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 2022/23, which is mainly due to the earnings decline in Italy and Spain.

€ million	2021/22	2022/23
Current taxes	**–57**	**–49**
thereof Germany	(–11)	(–9)
thereof international	(–46)	(–39)
thereof tax expenses/income of current period	(–53)	(–53)
thereof tax expenses/income of previous periods	(–4)	(4)
Deferred taxes	**137**	**54**
thereof Germany	(147)	(51)
thereof international	(–9)	(3)
	81	**5**

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 12.7 per cent (2021/22: –163.6 per cent). The tax rate in the reporting period results in particular from the above-mentioned retroactive capitalization of deferred tax assets, of which €59 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

EBIT declined by €127 million from €105 million to €–21 million. The financial result improved by €35 million from €–56 million to €–21 million. The income tax result declined by €75 million from €81 million to €5 million. As a result, **profit or loss for the period** fell by €167 million from €130 million to €–37 million.

The profit or loss for the period attributable to non-controlling interests amounts to €2 million (2021/22: €4 million). Accordingly, the profit or loss for the period attributable to shareholders of CECONOMY AG amounted to €–39 million (2021/22: €126 million) and undiluted **earnings per share** amounted to €–0.08 (2021/22: €0.31).

The calculation of undiluted earnings per share in financial year 2022/23 is based on a number of 485,221,084 shares.

				Change	
		2021/22	2022/23	Absolute	%
Profit or loss for the period	€ million	130	−37	−167	–
Profit or loss for the period attributable to non-controlling interests	€ million	4	2	−2	−58.2
Profit or loss for the period attributable to shareholders of CECONOMY AG	€ million	126	−39	−165	–
Undiluted earnings per share[1]	€	0.31	−0.08	−0.39	–

[1] After non-controlling interests

Financial and asset position

CAPITAL STRUCTURE

As of 30 September 2023, CECONOMY's consolidated statement of financial position reported **equity** of €465 million (30/09/2022: €592 million).

The equity ratio decreased to 4.8 per cent in the reporting period (30/09/2022: 5.9 per cent).

€ million	Note no.	30/09/2022	30/09/2023
Equity	**28**	**592**	**465**
Share capital		1,240	1,240
Capital reserve		389	389
Reserves retained from earnings		−1,039	−1,166
Non-controlling interests		2	2

Reserves retained from earnings decreased by €127 million to €−1,166 million as of 30 September 2023 (30/09/2022: €−1,039 million).

The decline in reserves retained from earnings resulted primarily from the profit or loss for the period of €−37 million in financial year 2022/23 and the other comprehensive income of €−86 million. The other comprehensive income is primarily influenced by the reclassification of the cumulative currency effects from translating the financial statements of foreign operations following the deconsolidation of the Sweden business amounting to €76 million. Moreover, the subsequent measurement of the investment in PJSC "M.video" reduced other comprehensive income by €18 million (2021/22: €122 million).

€ million	30/09/2022	30/09/2023
Cash and cash equivalents	769	897
Borrowings	2,773	2,584
Net liquidity (+)/Net debt (−)	**−2,004**	**−1,687**

As of 30 September 2023, net debt amounted to €1,687 million. In the previous year, net debt of €2,004 million was reported.

Primarily due to the improvement in net working capital, cash and cash equivalents amounted to €897 million and were thus €128 million higher than in the previous year (30/09/2022: €769 million).

Borrowings decreased by €189 million to €2,584 million as of 30 September 2023 (30/09/2022: €2,773 million). This was mainly driven by the decreased lease liabilities, which declined by €177 million to €1,784 million (30/09/2022: €1,961 million) due to rental payments made.

Adjusted for lease liabilities, net liquidity as of 30 September 2023 amounted to €97 million (30/09/2022 adjusted: net debt of €−43 million).

↗ For details, please refer to the cash flow statement and note 35 Notes to the cash flow statement.

Non-current liabilities decreased by €154 million to €2,487 million as of 30 September 2023 (30/09/2022: €2,642 million).

This development is primarily due to the decline in non-current borrowings by €184 million to €2,000 million (30/09/2022: €2,184 million). This decrease is due to lower lease liabilities, also as a result of increased actuarial interest rates. In addition, deferred tax liabilities fell to €69 million (30/09/2022: €65 million) as a result of lower measurement differences between international and tax accounting. Other financial liabilities decreased by €2 million to €11 million (30/09/2022: €14 million) due to the settlement of liabilities from compensation payments to minority interests. This was slightly offset by the increase in other provisions by €45 million to €88 million (30/09/2022: €43 million), which is primarily due to an increase in real estate-related obligations and a reclassification from pension provisions.

Current liabilities amounted to €6,683 million as of 30 September 2023 and were thus €82 million below the previous year's figure (30/09/2022: €6,765 million).

With the exception of other financial liabilities, all current liability positions declined year-on-year. The €20 million decline in trade liabilities and similar liabilities to €5,320 million (30/09/2022: €5,340 million) is also due to shorter effective payment terms resulting from an altered product mix. The decline in current provisions by €13 million to €82 million (30/09/2022: €95 million) is primarily due to lower provisions for other taxes. Current other liabilities decreased by €61 million to €249 million (30/09/2022: €309 million) as a result of lower other tax liabilities. In contrast, other financial liabilities increased by €45 million to €405 million (30/09/2022: €360 million). This increase is primarily attributable to higher payroll liabilities.

In comparison with 30 September 2022, the debt ratio increased by 1.1 percentage points to 95.2 per cent (30/09/2022: 94.1 per cent). The ratio of current liabilities to total debt increased by 1.0 percentage point compared with 30 September 2022 to 72.9 per cent (30/09/2022: 71.9 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 34.3 Borrowings.

€ million	Note no.	30/09/2022	30/09/2023
Non-current liabilities		**2,642**	**2,487**
Provisions for pensions and similar obligations	29	332	316
Other provisions	30	43	88
Borrowings	31, 34	2,184	2,000
Other financial liabilities	31, 33	14	11
Other liabilities	33	3	3
Deferred tax liabilities	24	65	69
Current liabilities		**6,765**	**6,683**
Trade liabilities and similar liabilities	31, 32	5,340	5,320
Provisions	30	95	82
Borrowings	31, 34	589	584
Other financial liabilities	31, 33	360	405
Other liabilities	33	309	249
Income tax liabilities	31	72	43

↗ 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 38 Contingent liabilities and note 39 Other financial liabilities.

INVESTMENTS/DIVESTMENTS

In financial year 2022/23, CECONOMY invested €668 million, around €94 million less than in the previous year (2021/22: €762 million). The significant decline was particularly due to a lower addition of rental right-of-use assets. This development was mainly driven by a greater number of rental agreement extensions in the previous year, especially in the Netherlands, Italy and Spain, and higher prior-year investments for individual stores such as the TechVillages in Rome and Vienna. Investments in modernization measures were also slightly lower than in the previous year. In contrast, investments in expansion activities increased. In addition, the minority stake in Power Retail Sweden was obtained in the reporting period, which led to a higher investment in mergers and acquisitions than in the previous year.

A total of 23 new stores were opened in financial year 2022/23, after 16 in the previous year. However, 10 stores were closed in the reporting period. In addition, 29 swedish stores and 10 portuguese stores were disposed of as a result of portfolio measures. 10 stores were also closed in the previous year. At the end of financial year 2022/23, the total number of stores was therefore 998 (30/09/2022: 1,024 stores). 8 of these were stores in the Lighthouse format (30/09/2022: 6 stores). The total selling space amounted to 2,465 thousand square metres after 2,512 thousand square metres in the previous year. The average selling space per store increased by 1 per cent from 2,454 square metres at the end of the previous financial year to 2,470 square metres at the end of the current financial year. The increase in the average selling space per store is exclusively attributable to a change in the definition. From financial year 2022/23, the entrance and checkout areas are also counted as selling space because they are increasingly used for the sale of accessories and small parts. The comparable average selling space per store as of 30 September 2022 was 2,533 square metres.

Investments as per segment report

			Change	
€ million	2021/22	2022/23	Absolute	%
DACH	351	350	−1	−0.2
Western/Southern Europe	321	209	−113	−35.1
Eastern Europe	78	90	13	16.5
Others	13	19	6	51.2
	762	**668**	**−94**	**−12.4**

In the **DACH** region, €350 million was invested in financial year 2022/23. Investments were therefore €1 million lower than in the previous year (2021/22: €351 million). While the addition of rental right-of-use assets was slightly higher than in the previous year, the slight decline was driven in particular by lower investments in modernization. Nine stores were opened in the DACH region, after the store network was expanded by five stores in the previous year. However, five stores were closed in the reporting period, after seven closures in the previous year.

Investments in **Western/Southern Europe** came to €209 million in financial year 2022/23, €113 million lower than the investments in the prior-year period (2021/22: €321 million). The significant decline was mainly due to the lower addition of rental right-of-use assets. This development was driven by a lower number of rental agreement extensions, especially in the Netherlands, Italy and Spain. Lower spending on store modernizations and modularization also resulted in a decline in investments. Eight stores were opened in the Western/Southern Europe region, after five new stores in the previous year. However, four stores were closed in the reporting period. In addition, ten stores in Portugal were disposed of in financial year 2022/23 as a result of the sale of MediaMarktSaturn's Portugal business to the French electronics retailer Fnac Darty S.A. Two stores were closed in the same period of the previous year.

In **Eastern Europe**, investments in financial year 2022/23 were €13 million higher than in the previous year at €90 million (2021/22: €78 million). As well as the greater addition of rental right-of-use assets, this development was mainly driven by increased modernization and expansion activity in Türkiye. Six stores were opened in the reporting period, one store more than in the previous year. However, one store was closed both in financial year 2022/23 and in the previous year.

Investments in the **Others** segment amounted to €19 million in financial year 2022/23 and were thus €6 million higher than the previous year's level (2021/22: €13 million). The increase was mainly driven by higher investments in mergers and acquisitions in connection with the addition of the minority stake in Power Retail Sweden. Due to the disposal of the Swedish stores, however, investments in expansion and modernization and the addition to rental right-of-use assets were lower than in the previous year. No stores were opened in the Others segment in the reporting period, after one new store in the previous year. However, 29 stores in Sweden were disposed of in the reporting period due to the sale of MediaMarkt Sweden, so the Others segment no longer had any stores as of 30 September 2023. No store was closed in the same period of the previous year.

Divestments by CECONOMY resulted in cash outflow of €27 million in financial year 2022/23, after cash inflow of €40 million in the previous year. While divestments from the sale of fixtures and other furnishings were below the previous year's level, the disposal of the Swedish country organization in particular resulted in an increase in cash outflow.

LIQUIDITY (CASH FLOW STATEMENT)

In the past financial year 2022/23, **cash flow from operating activities** resulted in a cash inflow of €1,004 million. This compares with a cash inflow of €127 million in the previous year. The €877 million higher cash flow from operating activities is almost exclusively due to the significant improvement in the change in net working capital. In 2022/23, the change in net working capital resulted in cash inflow of €332 million, after cash outflow of €381 million in the previous year. The difference is mainly due to the development of the inventory situation, which, thanks to conscious inventory management, resulted in an improvement in the inventory level in the past financial year, after inventories increased in the previous year. A positive contribution was also made by the development of receivables due from suppliers, which generated cash outflow in the previous year and resulted in cash inflow in the current year thanks partly to improved receivables management. In addition to the change in net working capital, the year-on-year improvement was also driven by other operating cash flow. This mainly comprised the correction of the non-cash result from the investment in Fnac Darty S.A., the payment received in compensation for damages and the non-cash increase in payroll liabilities. The cash outflow from income taxes paid was somewhat lower than in the previous year, resulting in particular from lower tax prepayments of the current year and lower cash outflows for backpayments of previous years. This was countered by EBITDA, which was lower than the previous year's figure due to higher operating expenses.

In the past financial year 2022/23, **cash flow from investing activities** recorded cash outflow of €236 million (2021/22: €35 million). The previous year included cash inflow of €150 million from the change in current financial assets, whereas purchases and sales of current financial assets nearly balanced each other out in the past year. Moreover, other investments were somewhat higher than in the previous year, primarily due to a loan granted in connection with the disposal of the Swedish business.

The **cash flow from financing activities** shows cash outflow of €649 million in financial year 2022/23 (2021/22: €932 million). The higher cash outflow in previous year is mainly due to the payment of the cash component as part of the Convergenta transaction of €130 million and to profit distributions of €104 million, including the distribution of a dividend to CECONOMY AG shareholders. In addition, the net position from borrowings and the redemption of borrowings resulted in a lower cash outflow than in the previous year. This is also attributable to the repayment of a promissory note loan in the previous year. The redemption of lease liabilities amounted to €489 million in the past financial year 2022/23 (2021/22: €496 million).

Free cash flow amounted to €747 million in financial year 2022/23. Particularly as a result of the significantly improved change in net working capital, free cash flow in the past financial year 2022/23 was €873 million above the previous year's figure (2021/22: €–127 million). The previous year's figure was adjusted due to a change in presentation of effects from the application of IAS 29 Financial Reporting in Hyperinflationary Economies of €–92 million.

↗ Explanations can be found in the consolidated financial statements – cash flow statement and in the notes – note 35 Notes to the cash flow statement.

Cash flow statement[1]

€ million	2021/22[2]	2022/23
Cash flow from operating activities	127	1,004
Cash flow from investing activities	–35	–236
Cash flow before financing activities	92	768
Cash flow from financing activities	–932	–649
IAS 29 effects on cash flow from operating, investing and financing activities	16	12
Total cash flows	–824	131
Currency effects on cash and cash equivalents	–37	–51
Total change in cash and cash equivalents	–861	80

[1] Condensed version. The full version is included in the consolidated financial statements.
[2] Adjustments of prior-year figures are explained in the notes in the footnotes to the cash flow statement and under note 35 Notes to the cash flow statement.

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. Financial instruments are used for optimum control of the capital structure, whereby CECONOMY's level of indebtedness is a key performance indicator. 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 department 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 department 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 department 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 department 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 37 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 three rating agencies, namely Fitch Ratings, Scope Ratings and S&P Global Ratings, to continuously analyse CECONOMY AG's creditworthiness.

The assessments of CECONOMY AG's ratings as of 30 September 2023 were as follows:

Fitch Ratings

Category	
Long-term	BB
Short-term	n/a
Outlook	Stable

Scope Ratings

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

S&P Global Ratings

Category	
Long-term	BB–
Short-term	n/a
Outlook	Stable

Financing measures
CECONOMY AG uses issues on the capital market for medium- and long-term financing. As of 30 September 2023, CECONOMY AG had several outstanding promissory notes together totalling €121 million with a remaining term of up to four 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 until 9 June 2027. For obtaining short-term financial funding, CECONOMY AG has a multi-currency commercial paper programme with a maximum volume of €500 million. Commercial paper of €25 million was outstanding as of 30 September 2023 (30/09/2022: €30 million).

The Group had sufficient liquidity at all times. CECONOMY AG possesses comfortable liquidity reserves, which, besides the held liquidity, comprise syndicated credit facilities of €1,060 million. These extensive, multi-year credit facilities have never been utilized – and were therefore not utilized as of 30 September 2023.

The table below provides an overview of the credit facilities:

Undrawn credit facilities of CECONOMY AG

	30/09/2022			30/09/2023		
		Remaining term			Remaining term	
€ million	Total	Up to 1 year	Over 1 year	Total	Up to 1 year	Over 1 year
Bilateral credit facilities	0	0	0	0	0	0
Utilization	0	0	0	0	0	0
Undrawn bilateral credit facilities	**0**	**0**	**0**	**0**	**0**	**0**
Syndicated credit facilities	1,060	0	1,060	1,060	0	1,060
Utilization	0	0	0	0	0	0
Undrawn syndicated credit facilities	**1,060**	**0**	**1,060**	**1,060**	**0**	**1,060**
Total credit facilities	1,060	0	1,060	1,060	0	1,060
Total utilization	0	0	0	0	0	0
Total undrawn credit facilities	**1,060**	**0**	**1,060**	**1,060**	**0**	**1,060**

ASSET POSITION

In financial year 2022/23, **total assets** decreased by €363 million to €9,635 million as of 30 September 2023 (30/09/2022: €9,998 million).

The decline in **non-current assets** by €205 million to €3,660 million (30/09/2022: €3,865 million) is primarily due to right-of-use assets recognized in connection with leases. These declined by €159 million to €1,676 million (30/09/2022: €1,835 million). In addition, investments accounted for using the equity method decreased by €130 million to €257 million (30/09/2022: €388 million). This was slightly countered by other intangible assets with an increase of €13 million to €165 million (30/09/2022: €152 million) and financial assets with an increase of €7 million to €123 million (30/09/2022: €115 million).

€ million	Note no.	30/09/2022	30/09/2023
Non-current assets		**3,865**	**3,660**
Goodwill	18	524	524
Other intangible assets	19	152	165
Property, plant and equipment	20	541	541
Right-of-use assets	21	1,835	1,676
Financial assets	22	115	123
Investments accounted for using the equity method	22	388	257
Other financial assets	23	2	2
Other assets	23	5	3
Deferred tax assets	24	302	368

↗ 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 €158 million to €5,975 million in the reporting period (30/09/2022: €6,134 million).

This resulted in particular from a planned optimization of inventories by €258 million to €2,918 million (30/09/2022: €3,176 million). Receivables due from suppliers decreased by €89 million to €1,207 million (30/09/2022: €1,296 million), partly due to earlier invoicing. Other financial assets declined by €19 million to €123 million (30/09/2022: €142 million). The increase in trade receivables and similar claims rose by €51 million to €490 million (30/09/2022: €440 million) as a result of the somewhat stronger commission business had the opposite effect. In addition, cash and cash equivalents increased by €128 million to €897 million (30/09/2022: €769 million).

€ million	Note no.	30/09/2022	30/09/2023
Current assets		**6,134**	**5,975**
Inventories	25	3,176	2,918
Trade receivables and similar claims	26	440	490
Receivables due from suppliers	23	1,296	1,207
Other financial assets	23	142	123
Other assets	23	163	163
Income tax assets		147	177
Cash and cash equivalents	34	769	897

↗ 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 2022/23:

Net working capital

€ million	30/09/2021	30/09/2022	Change	30/09/2022	30/09/2023	Change
Inventories	3,111	3,176	65	3,176	2,918	−258
Trade receivables and similar claims	361	440	78	440	490	51
Receivables due from suppliers	1,142	1,296	154	1,296	1,207	−89
Trade liabilities and similar liabilities	−5,470	−5,340	130	−5,340	−5,320	20
Net working capital	**−855**	**−428**	**427**	**−428**	**−705**	**−277**

The balance sheet **net working capital** changed by €277 million year-on-year to €−705 million (30/09/2022: €−428 million).

The more negative net working capital year-on-year resulted in particular from the planned optimization of inventories by €258 million to €2,918 million (30/09/2022: €3,176 million). The other items of net working capital nearly balanced each other out.

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 2023/24

In calendar year 2024, global gross domestic product (GDP) is expected to grow less strongly than in the previous year. This is mainly due to the ongoing geopolitical tensions, exemplified by the Russian war of aggression against Ukraine and the conflict in the Middle East. These uncertainties continue to have a negative effect on the global economy and result in high inflation and uncertainty on the international markets. Global inflationary pressure has prompted many central banks to raise interest rates and take anti-inflationary measures. Significantly weaker growth is therefore expected for 2024, especially in the industrialized nations.

In the current calendar year, the global economy's GDP has increased by an average of 2.8 per cent. Emerging economies, with positive growth of 3.7 per cent, developed somewhat more dynamically than the industrialized nations, which posted growth of 1.4 per cent.

Based on the currently difficult global economic conditions, weaker growth below the previous year's level is expected in 2024. Low growth of 0.4 per cent is expected for the industrialized nations, which is below the emerging economies' growth of 3.2 per cent. In 2023, the USA is expected to generate positive economic growth of 2.1 per cent driven by private consumption and investment, whereas rising interest rates could lead to a recession there in 2024. China will increase its economic output by 4.9 per cent in 2023 and is expected to achieve growth of 3.9 per cent in the following year.

Due to the economic conditions described above, economic growth in the European Union remains at a low level of 0.5 per cent year-on-year in 2023 and is expected decline even further next year.

DACH
In 2023, an economic downturn of –0.3 per cent is expected in Germany. A recession of –0.3 per cent is also expected for 2024, driven by significant declines in private consumption and public investment. 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 second half of 2024.

In Austria, GDP stagnation is anticipated for 2023. GDP is expected to decline by –0.4 per cent next year. High inflation will continue to hamper private consumption and public spending.

In Switzerland, real gross domestic product is expected to increase by 0.7 per cent year-on-year in 2023. In 2024, economic growth is expected to remain at a similar level of 0.8 per cent due to the high inflation.

In 2023, the Hungarian economy is expected to contract by –1.2 per cent. Positive GDP development of 1.0 per cent is expected next year.

Western/Southern Europe
In Western/Southern Europe, economic development in 2023 is expected to be below the previous year's level with growth of 0.8 per cent. Economic growth of 0.2 per cent is anticipated for 2024.

In 2023, the GDP of the Netherlands will still grow at a low rate of 0.4 per cent. Lower GDP growth of 0.2 per cent is forecast next year. Due to a decline in private consumption and public investment, weak growth of 0.8 per cent is also expected for the Belgian economy in 2023, which is expected to stagnate next year.

[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.

In Spain, economic growth is expected to see an increase of 2.4 per cent in 2023. Due to high inflation and rising interest rates, economic growth will probably fall by 0.5 per cent in 2024.

Low growth of 0.7 per cent is expected for the Italian economy in 2023. GDP is expected to stagnate next year, with private consumption and public investing activities in particular expected to weaken substantially.

Eastern Europe
In Eastern Europe (including Türkiye and excluding Hungary), real economic growth of 1.9 per cent is expected in 2023. For 2024, it is assumed that GDP in the region will grow by only 0.3 per cent.

Poland is expected to report economic growth of 0.6 per cent in 2023. Identical growth is expected in 2024. Türkiye, which is set to report significantly positive real growth of 2.9 per cent in 2023, expects an economic decline of −1.8 per cent for 2024.

Development in the consumer electronics retail market

After a slight decline in market growth in the previous year, the consumer electronics retail market in the MediaMarktSaturn Retail Group (MMSRG) countries developed positively in the difficult market environment of financial year 2022/23, supported by the high inflation in the Turkish market. For the next financial year, sector-specific growth in the MMSRG countries is expected to be stable, but influenced by political and economic uncertainty. 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 economic stagnation 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 2023, consumers spent much more on telecommunications products compared with previous years. Additional growth stimuli came from the product group of small appliances (product group development 2023 vs 2022). Home working, home schooling and home entertainment products, which were the growth drivers during the pandemic, declined in 2023 and the previous year. 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 be stable in financial year 2023/24, although still characterized by uncertainty.

Western/Southern Europe
On the basis of the current market development, CECONOMY expects stable sales for the Western and Southern European consumer electronics retail market in 2023/24 despite the strained macroeconomic situation.

Eastern Europe
Eastern Europe is expected to see declining sales in the consumer electronics retail market under the challenging conditions. However, due to the high country-specific inflation in Türkiye, it is difficult to make a reliable forecast for the development of the market’s value in 2023/24.

Outlook for CECONOMY

We operate in a challenging environment characterized by high volatility. Persistently high inflation rates and geopolitical tensions are impacting consumer sentiment, which has a significant influence on sales in the consumer electronics business.

CECONOMY will continue to counteract the uncertainty by consistently aligning our actions with customer requirements in line with our strategy. So we have taken measures in order to prevail under challenging conditions. The successful conclusion of financial year 2022/23 shows that we are on the right track.

For financial year 2023/24, we expect a slight increase in total sales adjusted for currency effects across all segments. We also expect a clear improvement in adjusted EBIT resulting from the DACH and Western/Southern Europe segments. Because of the challenging environment for the consumer electronics market, we expect a decline in the Eastern Europe segment.

The outlook is adjusted for portfolio changes and does not take into account the earnings effects from companies accounted for using the equity method. Accounting effects of the application of IAS 29 in Türkiye as a hyperinflationary economy are likewise unaccounted for. It also does not include non-recurring effects, especially in connection with the simplification and digitalization of central structures and processes and changes in the legal environment.

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, 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.

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 AG's risk management system is not appropriate and effective. Overall responsibility for implementing an appropriate and effective opportunity and risk management system lies with the Management Board of CECONOMY AG. The Audit Committee of the Supervisory Board of CECONOMY AG monitors the appropriateness and effectiveness of the opportunity and risk management. 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. There are no findings or indications that CECONOMY AG's early risk identification system is not appropriate and effective (unaudited information extraneous to the management report).

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 and risk 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 analyse 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 components are the establishment of a risk-bearing capacity concept and risk aggregation through 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 2022/23 is characterized by the increase and escalation of geopolitical tensions, persistently high consumer price inflation (resulting in shrinking real household incomes) and severe unease among consumers. In conjunction with consumers' diminished purchasing power, a downturn in consumer confidence is also to be expected, the duration and intensity of which is not fully foreseeable at present. Risks resulting from the macroeconomic effects of an increase in the consumer price inflation rate (initially driven by high energy prices in the last winter half-year) largely materialized in the current financial year. The risk of "deterioration of consumer confidence – economic crisis" is therefore considered less significant than in the previous year's assessment, but still classified as high due to the strained consumer sentiment and the mild recession in Germany. The intensification of competition in the digital transformation due to global and national online retailers' expansion plans is also resulting in a fiercely contested online market. Online retail has established itself at a high level. All in all, the risk has therefore already partially materialized, but it is still considered a high risk for CECONOMY. Due to the strained macroeconomic situation and the associated consumer sentiment, the view of retail among rating agencies in particular is still dim. On this basis, CECONOMY considers the risk of "lower credit ratings from banks and other credit stakeholders" to be more significant and continues to classify it as high. 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. In contrast, the risk of "insufficient delivery capacity or loss of strategically relevant business partners" is currently seen as much lower and is no longer classified as material due to the global normalization of material and transport capacity and CECONOMY's currently good product availability.

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

No.	Material risks 2022/23	Risk group	Risk assessment
1	Intensification of competition in the digital transformation	Strategic risks	High
2	Deterioration of consumer confidence – economic crisis	Strategic risks	High
3	Shortage of qualified employees for key functions	Operating risks	High
4	IT and cybersecurity risks	Operating risks	High
5	Lower credit ratings from banks and other credit stakeholders	Financial risks	High
6	Impairment of assets	Financial risks	High
7	Impairment on Fnac Darty S.A. investment	Financial risks	High
8	Violation of data protection law, leakage or manipulation of confidential data	Compliance risks	High

STRATEGIC RISKS

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), which are implementing expansion plans and continuing to result in a fiercely contested online market. 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 established at a high level, but consolidating tendencies are also visible at present. 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 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 potential rise in logistics and purchasing costs. High market and price transparency and significantly shorter product lifecycles 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 modernizes 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 remains 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. The currently high consumer price inflation and the resulting decline in consumers' real incomes has led to buying restraint. The geopolitical situation is characterized by polycrisis (Russian war of aggression against Ukraine, inflation, tensions between China and Taiwan, conflict in the Middle East). In the medium and long terms, this situation could lead to muted consumer confidence, potential price increases and upheaval along the entire value chain. The duration and the further impact are not yet fully foreseeable or measurable and could destabilize and burden the economic situation in Europe in the longer term.

A potentially sustained 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 the COVID-19 pandemic 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 with further improvement of the omnichannel processes and active cost management. CECONOMY monitors potential market changes on an ongoing basis and derives strategies for its own business from this. Compared with the opportunity and risk report for 2021/22, risks resulting from the macroeconomic effects of a sustained increase in the consumer price inflation rate have partially materialized. The risk is therefore considered less significant, but is still seen as high due to the strained consumer sentiment and geopolitical uncertainties.

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 Türkiye, for example, which is still affected by a tense domestic political situation, currency devaluation despite the current tightening of monetary policy, and high 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. 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 centralizing the flows of goods and thus improving the planning ability of the suppliers. Geopolitical risks regarding Taiwan as one of the most important producers of microchips and semiconductors are considered in the medium to long terms and require permanent assessment and evaluation of the situation and its potential effects. On the basis of the continually effective implementation of the above risk mitigating measures, global normalization of material and transport capacity and the currently good product availability for purchasing, CECONOMY currently classifies the risk as much lower and no longer material.

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. 3). This particularly concerns areas such as innovation, digital 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. 4). 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. Cybersecurity is a top priority at CECONOMY. CECONOMY is therefore increasingly investing in this area in order to take all necessary precautions and increase resilience against attacks. Generally, there has been a continuous increase in hacker attacks. A potential intensification of cyber threats is also anticipated in view of the geopolitical tensions. On this basis, CECONOMY continues to classify the risk 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. 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. Despite a challenging market environment, net working capital improved significantly in the past financial year, which was achieved in particular through better inventory management. This is reflected accordingly in an improved liquidity situation.

Due to the still strained macroeconomic situation and the associated consumer sentiment, the view of retail among rating agencies in particular is still dim. Regulatory initiatives could also have a negative impact on net working capital. On this basis, CECONOMY considers the risk of “lower credit ratings from banks and other credit stakeholders” (risk no. 5) to be more significant and continues to classify 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. 6). This may impact the net assets and earnings position of CECONOMY negatively. CECONOMY, therefore, gives high priority to measures to strengthen the operating performance. An increase and escalation of geopolitical tensions, shrinking economies and sinking real household incomes also continue to result in unease among consumers with a corresponding downturn in consumer confidence. CECONOMY therefore continues to consider the risk of asset impairment, especially due to the size of any valuation allowance, 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.

As of 30 September 2023, the stock exchange price of investment in Fnac Darty S.A. accounted for using the equity method was significantly below the carrying amount per share. For this reason, an expert was commissioned to provide a value indication. As a result, the investment in Fnac Darty S.A. was written down to its recoverable amount of €250 million determined as of 30 September 2023. Following the write-down, the risk of potential impairment of the investment in Fnac Darty S.A. (risk. 7) is classified as less significant, but still high. The unchanged assessment of the risk as high is due less to the risk's probability of occurrence and more to the potential extent of the loss.

COMPLIANCE RISKS (DATA PROTECTION)

Non-compliance with the high regulatory and documentary data protection requirements can be penalized with considerable fines (risk no. 8). 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 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, space as a service, own brands, Services & Solutions, the international expansion of successful marketplace activities and retail media, and the optimization of customer loyalty programmes. The exploration of new and innovative business areas and services (e.g. electric mobility, subscription models) is actively promoted by observing the changes in customer needs, identifying new trends and developing innovative ideas in order to offer customers a unique shopping experience. For the implementation of a customer-centric, digitally driven omnichannel sales model, the optimization 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 and reorganization of the shareholder structure, the transaction will make CECONOMY AG's tax-loss carry-forwards structurally usable. The accounting effects and the associated positive effect on the tax rate were presented for the first time in the past 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 2022/23.

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 very 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 CSRD or 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 2023 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 subscription 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 agreement that may be considered a restriction within the meaning of Sec. 315a sentence 1 no. 2 and Sec. 289a sentence 1 no. 2 HGB is/was in place as of 30 September 2023:

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

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 2023, 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 utilizing 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 the acquisition (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 adjustment of 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 upper 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 2023.

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 2022/23 and outlook 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 2022/23, CECONOMY AG expected a net holding result (net income 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) at the level of financial year 2021/22, which is around €–38 million. The net holding result for 2022/23 amounted to €–26 million. The forecast was therefore exceeded, primarily as a result of the significantly better net interest result compared with the previous year.

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 2022 to 30 September 2023 pursuant to HGB

€ million	2021/22	2022/23
Sales	12	15
Investment result	−110	2
Net interest result and other financial result	−15	0
Other operating income	3	4
Personnel expenses	−15	−16
Depreciation, amortization and impairment losses on intangible and tangible assets	0	0
Other operating expenses	−22	−23
Income taxes	198	83
Earnings after tax	**51**	**65**
Other taxes	0	0
Net income for the year	**51**	**65**
Retained earnings from the previous year	23	74
Balance sheet profit	**74**	**139**

Revenue includes €10 million in income from guarantee fees (2021/22: €7 million), which is primarily attributable to Media-Saturn Deutschland GmbH, and €5 million (2021/22: €5 million) in service charges of CECONOMY AG to affiliated companies.

CECONOMY AG recognized an investment result of €2 million in financial year 2022/23 (2020/21: €–110 million).

The income from investments of €6 million (2021/22: €1,360 million) relates chiefly to income from the distribution from CECONOMY Retail GmbH's capital reserve of €65 million, of which €6 million was recognized through profit or loss in the investment result and €59 million through other comprehensive income as a disposal of the investment in CECONOMY Retail GmbH. The previous year included a distribution from CECONOMY Retail GmbH's capital re-serve through profit or loss of €1,360 million.

At €21 million (2021/22: €0 million), the income from profit transfer agreements primarily relates to CECONOMY Retail GmbH (€10 million; 2021/22: expense from loss absorption €1,213 million) and to CECONOMY Digital GmbH (€11 million; 2021/22: expense from loss absorption €2 million).

Expenses from loss absorption of €25 million relate to CECONOMY Retail International GmbH (2020/21: 134 million) and essentially result from impairment losses on investments held by said company where impairment is expected to be permanent.

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

CECONOMY AG's net interest result primarily comprises interest expenses in connection with the syndicated loan agreement entered into in 2020/21 of €9 million (30/09/2022: €7 million), the bond issued in financial year 2020/21 of €9 million (30/09/2022: €9 million) and the convertible bonds issued in financial year 2021/22 of €8 million (30/09/2022: €3 million), from the interest accrued on provisions for pensions and similar obligations of €5 million (30/09/2022: €6 million), the promissory note loans of €3 million (30/09/2022: €2 million) and other interest expenses of €4 million (30/09/2022: €1 million). In addition, the other financial result also includes €19 million (30/09/2022: €7 million) in interest income from loans to subsidiaries and commitment fees and interest expenses passed on to MediaMarktSaturn Retail Group GmbH in connection with the syndicated loan agreements entered into in financial year 2020/21, the bond issued in financial year 2020/21 of €14 million (30/09/2022: €6 million) and €5 million (30/09/2022: €0 million) from other interest income.

The other operating income of €4 million (2021/22: €3 million) relates to income from the reversal of provisions of €1 million (2021/22: €2 million), income from foreign currency gains of €2 million (2021/22: €0 million) and other income of €1 million (2021/22: €1 million). The income from the reversal of provisions primarily relates to the reversal of provisions for outstanding invoices and personnel provisions. Income from the sale of securities accounts for €2 million of income from foreign currency gains. Other income mainly comprises cost transfers to MediaMarktSaturn Retail Group GmbH for costs incurred by third parties of €1 million.

Personnel expenses total €16 million in the past financial year 2022/23, €11 million of which attributable to wage and salary expenses.

In the past financial year 2022/23, CECONOMY AG's other operating expenses primarily include consulting expenses of €6 million (2021/22: €7 million) and other expenses in connection with the holding function.

For the calculation of income taxes, the earnings of the subsidiaries included in the CECONOMY AG tax group allocable for tax purposes to CECONOMY AG as the tax group parent are declared. The recognized tax comprises the net tax expenses and income of the entire CECONOMY AG tax group. As a result of the tax group connection with the MediaMarktSaturn Group, a loss utilization at the level of CECONOMY AG was realized in the reporting year. In line with minimum taxation, this results in an income tax charge of around €5 million (2021/22: €1 million). The income from the recognition of deferred taxes amounted to €88 million in financial year 2022/23 (2021/22: €199 million). €70 million of this is the result of deferred tax assets on temporary differences.

CECONOMY AG's annual financial statements as of 30 September 2023 prepared in accordance with the provisions of the German Commercial Code reports balance sheet profit of €139 million for financial year 2022/23, of which €74 million is attributable to retained earnings. In accordance with the provisions of Sec. 253 para. 6 HGB and Sec. 268 para. 8 HGB, the balance sheet profit is fully barred from distribution. The restriction on distribution of €288 million primarily results from the recognition of deferred tax assets through profit or loss of €287 million, of which €88 million relates to financial year 2022/23 and €199 million to financial year 2021/22.

The Management Board and the Supervisory Board therefore propose that the balance sheet profit of €139 million recognized as of 30 September in financial year 2022/23 be carried forward to new account.

Financial position of CECONOMY AG

CASH FLOWS

The item cash on hand and bank deposits totalled €33 million as of the closing date (30/09/2022: €166 million) and comprises short-term deposits at banks.

CAPITAL STRUCTURE

Equity and liabilities

€ million	30/09/2022	30/09/2023
Equity		
Share capital	1,241	1,241
Ordinary shares	1,241	1,241
(Contingent capital)	(89)	(89)
Capital reserve	353	353
Balance sheet profit	74	139
	1,668	**1,733**
Provisions	**118**	**124**
Liabilities	**2,284**	**986**
Deferred income	**11**	**10**
	4,081	**2,853**

On the equity and liabilities side of the balance sheet, equity accounted for €1,733 million (30/09/2022: €1,668 million) and provisions, liabilities and deferred income for €1,120 million (30/09/2022: €2,413 million). The equity ratio was 60.7 per cent as of the closing date in comparison to 40.9 per cent in the prior year. The change in equity resulted from the higher balance sheet profit of €65 million. The decline in liabilities of €1,298 million resulted primarily from profits of €10 million (30/09/2022: loss absorption of €1,213 million) and of €11 million (30/09/2022: loss absorption of €2 million) acquired in financial year 2022/23 on the basis of existing profit and loss transfer agreements with CECONOMY Retail GmbH and CECONOMY Digital GmbH, respectively.

The provisions comprise provisions for pensions and similar obligations of €83 million (30/09/2022: €104 million), tax provisions of €0 million (30/09/2022: €1 million) and other provisions of €41 million (30/09/2022: €13 million).

Provisions for post-employment benefit plans and similar obligations have been recognized for direct pension commitments in the amount of €74 million (30/09/2022: €75 million) and for shortfalls in underfunded pension funds in the amount of €9 million (30/09/2022: €29 million). Please refer to Section 2 of the notes for information on the general measurement parameters.

Assets from pension insurance of €36 million (30/09/2022: €35 million) were set off within the “provisions for post-employment benefit plans and similar obligations” item with a gross obligation value of €119 million (30/09/2022: €139 million). 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 €41 million (30/09/2022: €13 million) include a provision of €12 million (30/09/2022: €8 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 €4 million (30/09/2022: €3 million), of which €2 million (30/09/2022: €1 million) relates to bonus provisions, €1 million (30/09/2022: €1 million) to obligations for share-based payments and €1 million (30/09/2022: €1 million) to other personnel-related provisions. Miscellaneous other provisions essentially comprise €24 million (30/09/2022: €0 million) in obligations for indirect post-employment benefits to employees and pensioners of the former ITS International Tourist Services Länderreisedienste GmbH, which were previously recognized under provisions for post-employment benefit plans and similar obligations. CECONOMY AG is internally liable to ITS International Tourist Services Länderreisedienste GmbH only for fulfilling these obligations and does not expressly declare that it will assume debt. For this reason, the relevant provisions for retirement obligations were reclassified to Other provisions in financial year 2022/23.

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 2023.

The liabilities from bonds of €676 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 to 9 June 2027. The conversion right can be exercised at any time within the term. The conversion price is €5.42. In addition, the item includes short-term commercial paper of €25 million.

Liabilities to banks of €123 million (30/09/2022: €123 million) include promissory note loans of €120 million, of which €71 million have remaining terms from one to five years and €49 million have remaining terms of up to one year. An additional €3 million is the result of short-term interest liabilities, €1 million of which is attributable to the promissory note loan and €2 million to the €500 million bond issued in financial year 2020/21.

Trade payables include cost and investment accounts.

Liabilities to affiliated companies of 179 million (30/09/2022: €1,477 million) primarily comprise €124 million (30/09/2022: €102 million) from short-term financial investments by Group companies with CECONOMY AG. A further €29 million (30/09/2022: €27 million) in liabilities to Group companies was the result of the assumption of tax liabilities, of which €25 million (30/09/2022: €25 million) related to liabilities to CECONOMY Retail GmbH for capital gains tax from the distribution by Media-Saturn-Holding Saturn GmbH and an additional €4 million (30/09/2022: €2 million) to VAT liabilities of Media-Saturn-Holding GmbH. There are an additional €25 million (30/09/2022: €134 million) in liabilities to Group companies with CECONOMY Retail International GmbH from loss absorption on the basis of an existing profit and loss transfer agreement.

The €1,298 million year-on-year change in liabilities to affiliated companies is essentially the result of the decrease in liabilities from profit and loss transfers of €1,324 million, €1,213 million of which is attributable to CECONOMY Retail GmbH and €109 million to CECONOMY Retail International GmbH, as well as a €22 million rise in financial investments by Group companies. €12 million of this relates to CECONOMY Digital GmbH as a result of the sale of the investment in DTB Deutsche Technikerberatung GmbH to Media-Saturn Deutschland GmbH and €9 million relates to CECONOMY Retail International GmbH from the dividend distribution of its investment in Fnac Darty S.A. for financial year 2022. An increase in liabilities to affiliated companies under service agreements accounts for an additional €3 million.

Other liabilities comprise tax liabilities of a subsidiary of €6 million assumed by CECONOMY AG as the tax group parent and promissory note loan liabilities of €2 million, primarily to insurance companies.

This item includes deferred income of €10 million in total. €8 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 €2 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 2023 primarily comprise €1,400 million (30/09/2022: €1,400 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 €33 million (30/09/2022: €38 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 (30/09/2022: CHF 105 million) or €109 million (30/09/2022: €110 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.

There is a €24 million bank guarantee that expires on 15 October 2028 (30/09/2022: €0 million) to the acquirer of the pension obligations in order to hedge the statutory subsequent liability risks for pension liabilities spun off from CECONOMY Retail GmbH in financial year 2017/18. This guarantee was transferred from CECONOMY Retail GmbH to CECONOMY AG in financial year 2022/23. The amount corresponds to the cash flows of the pension benefit obligations that mature and are payable in the first ten years, after the spin-off and sale of the pension obligations, calculated in accordance with actuarial principles. The risk of this contingent liability being utilized is considered unlikely.

In addition, there is a contingent liability of €1 million (30/09/2022: €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 (30/09/2022: €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.

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 €36 million (30/09/2022: €60 million) relate to interest to be paid over the coming years of €34 million, €26 million of which relates to the bond of €500 million issued in financial year 2020/21 and €8 million to granted promissory note loans of €120 million. Further obligations of €2 million relate to outstanding commitment fees for the long-term syndicated credit facility with a nominal volume of €1,060 million (30/09/2022: €1,060 million), comprising €1 million in claims for reimbursement by a subsidiary.

The nominal value of the loan commitments to Group companies amounts to €2,228 million (30/09/2022: €2,504 million), of which €720 million (30/09/2022: €647 million) was utilized as of the closing date. The year-on-year change in the nominal values of the loan commitments to Group companies primarily relates to a €2,000 million loan commitment to Media-Saturn-Holding GmbH and a new loan commitment of €1,500 million to MediaMarktSaturn Retail Group GmbH.

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 €7 million (30/09/2022: €4 million) comprise €1 million from rental and maintenance agreements for licences and IT services, €1 million from insurance contracts and €5 million from other contractual obligations.

Asset position of CECONOMY AG

Assets

€ million	30/09/2022	30/09/2023
Fixed assets		
Intangible assets	0	0
Property, plant and equipment	1	1
Financial assets	1,406	1,347
	1,407	**1,348**
Current assets		
Receivables and other assets	2,265	1,151
Cash on hand and bank deposits	166	33
	2,431	**1,184**
Prepaid expenses	**44**	**34**
Deferred tax assets	**199**	**287**
	4,081	**2,853**

CECONOMY AG's assets amounted to €2,853 million as of the closing date (30/09/2022: €4,081 million). The change compared with the previous year of €1,228 million primarily comprises a disposal of financial assets of €59 million resulting from the distribution from the capital reserve of CECONOMY Retail GmbH through other comprehensive income, the decline in receivables from affiliated companies of €1,120 million, the decline in cash and cash equivalents of €133 million and the increase in deferred tax assets of €88 million.

Intangible assets primarily include purchased software and licences. All depreciation and amortization for financial year 2022/23 was scheduled.

Tangible assets primarily comprise business and office equipment. All depreciation and amortization for financial year 2022/23 was scheduled.

Shares in affiliated companies as of 30 September 2023 amounted to €1,334 million (30/09/2022: €1,393 million) and comprise 100 per cent of the shares in CECONOMY Retail GmbH with a carrying amount of €842 million (30/09/2022: €901 million). CECONOMY Retail GmbH itself holds 78.38 per cent of the shares in Media-Saturn-Holding GmbH. The year-on-year change comprises a disposal due to a distribution from CECONOMY Retail GmbH's capital reserve of €65 million, of which €6 million was recognized in the investment result and €59 million through other comprehensive income as a disposal of the investment in CECONOMY Retail GmbH. Shares in affiliated companies also include 21.62 per cent of the shares in Media-Saturn-Holding GmbH with a carrying amount of €473 million (30/09/2022: €473 million) and 100 per cent of the shares in MWFS Zwischenholding Management GmbH & Co. KG with a carrying amount of €10 million (30/09/2022: €10 million). In addition, shares in affiliated companies also include 100 per cent of the shares in CECONOMY Digital GmbH (€6 million (30/09/2022: €6 million)), 100 per cent of the shares in CECONOMY Data GmbH with a carrying amount of €1 million (30/09/2022: €1 million) and 100 per cent of the shares in CECONOMY Invest GmbH (€1 million (30/09/2022: €1 million)).

Investments comprise 6.61 per cent of the shares in METRO PROPERTIES GmbH & Co. KG in the amount of €13 million (30/09/2022: €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 was restricted from sale for tax purposes until 30 September 2023.

Receivables from affiliated companies primarily comprise €715 million (30/09/2022: €641 million) in receivables from Group companies on account of CECONOMY AG's financing function as the holding company, €414 million of which relates to CECONOMY Retail GmbH, €300 million to MediaMarktSaturn Retail Group GmbH (30/09/2022: €0 million) and €1 million to CECONOMY Invest GmbH (30/09/2022: €1 million). Furthermore, receivables from affiliated companies include a residual claim of €378 million from distributions from the capital reserve of CECONOMY Retail GmbH through profit or loss of €147 million from financial year 2021/22, €25 million from financial year 2020/21 and €206 million from financial year 2019/20. Receivables from affiliated companies also include €21 million (30/09/2022: €1 million) in receivables on the basis of existing profit and loss transfer agreements, of which €10 million (30/09/2022: loss absorption liabilities €1,213 million) are attributable to CECONOMY Retail GmbH and €11 million

(30/09/2022: loss absorption liabilities €2 million) to CECONOMY Digital GmbH. Another €3 million in receivables from affiliated companies result from passing on of costs from third parties to subsidiaries (30/09/2022: €3 million).

Other assets primarily comprise €34 million in entitlements to tax refunds (30/09/2022: €29 million). Receivables from withheld tax on capital gains account for €28 million of this figure. €25 million of this (30/09/2022: €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, €2 million to retained capital gains taxes on interest payments (30/09/2022: €0 million) and €1 million (30/09/2022: €1 million) to METRO AG's dividend distribution for financial year 2019/20. Other assets also include €3 million (30/09/2022: €0 million) in corporation tax receivables and €0 million (30/09/2022: €0 million) in trade tax receivables. In addition, other assets include €3 million in value-added tax refund claims (30/09/2022: €3 million).

Prepaid expenses amounted to €34 million as of the closing date (30/09/2022: €44 million) and primarily include prepaid expenses of €29 million (30/09/2022: €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. Furthermore, prepaid expenses of €3 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 €1 million to commission paid in advance. The item also includes commission paid in advance of €2 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 dividends of its investments. The company is managed on the basis of the expected net holding result. CECONOMY AG expects the net holding result for the next financial year 2023/24 to be level with the past financial year 2022/23 (€–26 million).

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 STATEMENTS

Income statement
for the financial year from 1 October 2022 to 30 September 2023

€ million	Note no.	2021/22	2022/23
Sales	**1**	**21,768**	**22,242**
Cost of sales	2	−17,961	−18,303
Gross profit on sales		**3,808**	**3,938**
Other operating income	3	253	252
Selling expenses	4	−3,301	−3,341
General administrative expenses	5	−613	−647
Other operating expenses	6	−6	−76
Earnings share of operating companies recognized at equity	22	−30	−132
Net impairments on operating financial assets and contract assets	8	−5	−16
Earnings before interest and taxes EBIT		**105**	**−21**
Other investment result	7	13	0
Interest income	9	24	64
Interest expenses	9	−71	−155
Other financial result	10	−22	70
Net financial result		**−56**	**−21**
Earnings before taxes EBT		**49**	**−42**
Income taxes	12	81	5
Profit or loss for the period		**130**	**−37**
Profit or loss for the period attributable to non-controlling interests	13	4	2
Profit or loss for the period attributable to shareholders of CECONOMY AG		126	−39
Undiluted earnings per share in €[1]	**14**	**0.31**	**−0.08**
Diluted earnings per share in €[1]	**14**	**0.31**	**−0.08**

[1] 485,221,084 ordinary shares issued since 3 June 2022

Reconciliation from profit or loss for the period to total comprehensive income for the financial year from 1 October 2022 to 30 September 2023

€ million	Note no.	2021/22	2022/23
Profit or loss for the period		**130**	**−37**
Other comprehensive income			
Items of other comprehensive income that will not be reclassified subsequently to profit or loss	**28**	**−28**	**−23**
Remeasurement of defined benefit pension plans	29	89	−13
Gains/losses on remeasuring financial instruments measured at fair value through other comprehensive income	22	−165	−20
Subsequent measurement of associates/joint ventures accounted for using the equity method	22	7	1
Income tax attributable to items of other comprehensive income that will not be reclassified subsequently to profit or loss	24	40	9
Items of other comprehensive income that may be reclassified subsequently to profit or loss	**28**	**44**	**−63**
Currency translation differences from translating the financial statements of foreign operations	28	44	−65
Subsequent measurement of associates/joint ventures accounted for using the equity method	22	0	0
Income tax attributable to items of other comprehensive income that may be reclassified subsequently to profit or loss	24	0	2
Other comprehensive income	**28**	**15**	**−86**
Total comprehensive income	**28**	**146**	**−123**
Total comprehensive income attributable to non-controlling interests	28	−22	2
Total comprehensive income attributable to shareholders of CECONOMY AG	28	167	−125

Statement of financial position as of 30 September 2023
Assets

€ million	Note no.	30/09/2022	30/09/2023
Non-current assets		**3,865**	**3,660**
Goodwill	18	524	524
Other intangible assets	19	152	165
Property, plant and equipment	20	541	541
Right-of-use assets	21	1,835	1,676
Financial assets	22	115	123
Investments accounted for using the equity method	22	388	257
Other financial assets	23	2	2
Other assets	23	5	3
Deferred tax assets	24	302	368
Current assets		**6,134**	**5,975**
Inventories	25	3,176	2,918
Trade receivables and similar claims	26	440	490
Receivables due from suppliers	23	1,296	1,207
Other financial assets	23	142	123
Other assets	23	163	163
Income tax assets		147	177
Cash and cash equivalents	34	769	897
		9,998	**9,635**

Equity and liabilities

€ million	Note no.	30/09/2022	30/09/2023
Equity	**28**	**592**	**465**
Share capital		1,240	1,240
Capital reserve		389	389
Reserves retained from earnings		−1,039	−1,166
Non-controlling interests		2	2
Non-current liabilities		**2,642**	**2,487**
Provisions for pensions and similar obligations	29	332	316
Other provisions	30	43	88
Borrowings	31, 34	2,184	2,000
Other financial liabilities	31, 33	14	11
Other liabilities	33	3	3
Deferred tax liabilities	24	65	69
Current liabilities		**6,765**	**6,683**
Trade liabilities and similar liabilities	31, 32	5,340	5,320
Provisions	30	95	82
Borrowings	31, 34	589	584
Other financial liabilities	31, 33	360	405
Other liabilities	33	309	249
Income tax liabilities	31	72	43
		9,998	**9,635**

Statement of changes in equity[1]
for the financial year from 1 October 2022 to 30 September 2023

€ million	Share capital	Capital reserve	Effective portion of gains/losses from cash flow hedges	Gains/losses on remeasuring financial instruments measured at fair value through other comprehensive income	Currency translation differences from translating the financial statements of foreign operations	Remeasurement of defined benefit pension plans
01/10/2021	**919**	**321**	**0**	**16**	**–14**	**–284**
Profit or loss for the period	0	0	0	0	0	0
Other comprehensive income	0	0	0	–137	43	88
Total comprehensive income	**0**	**0**	**0**	**–137**	**43**	**88**
Capital increases	322	67	0	0	0	0
Distributions	0	0	0	0	0	0
Equity transactions with change in equity interest without obtaining/relinquishing control	0	0	0	–19	–7	–7
Other changes	0	0	0	0	0	0
30/09 or 01/10/2022	**1,240**	**389**	**0**	**–140**	**22**	**–203**
Profit or loss for the period	0	0	0	0	0	0
Other comprehensive income	0	0	0	–20	–65	–13
Total comprehensive income	**0**	**0**	**0**	**–20**	**–65**	**–13**
Distributions	0	0	0	0	0	0
Equity transactions with change in equity interest without obtaining/relinquishing control	0	0	0	0	0	0
Other changes	0	0	0	0	0	0
30/09/2023	**1,240**	**389**	**0**	**–160**	**–43**	**–216**

[1] Equity is explained in the notes – note 28 Equity.

Statement of changes in equity[1]
for the financial year from 1 October 2022 to 30 September 2023

€ million	Subsequent measurement of associates/joint ventures accounted for using the equity method	Income tax attributable to items of other comprehensive income	Other reserves retained from earnings	Total reserves retained from earnings	Total equity before non-controlling interests	Non-controlling interests	Total equity
01/10/2021	**–51**	**2**	**–187**	**–518**	**722**	**44**	**766**
Profit or loss for the period	–30	0	156	126	126	4	130
Other comprehensive income	7	40	0	41	41	–26	15
Total comprehensive income	**–23**	**40**	**156**	**167**	**167**	**–22**	**146**
Capital increases	0	0	0	0	389	0	389
Distributions	0	0	–64	–64	–64	–6	–70
Equity transactions with change in equity interest without obtaining/relinquishing control	–6	1	–585	–624	–624	–14	–637
Other changes	–2	0	1	–1	–1	0	–1
30/09 or 01/10/2022	**–81**	**43**	**–679**	**–1,039**	**590**	**2**	**592**
Profit or loss for the period	–132	0	93	–39	–39	2	–37
Other comprehensive income	1	11	0	–86	–86	0	–86
Total comprehensive income	**–131**	**11**	**93**	**–125**	**–125**	**2**	**–123**
Distributions	0	0	–2	–2	–2	–1	–3
Equity transactions with change in equity interest without obtaining/relinquishing control	0	0	–1	–1	–1	0	–1
Other changes	1	0	–1	1	1	0	1
30/09/2023	**–211**	**54**	**–589**	**–1,166**	**463**	**2**	**465**

[1] Equity is explained in the notes – note 28 Equity.

Cash flow statement[1] for the financial year from 1 October 2022 to 30 September 2023

€ million	2021/22	2022/23
EBIT	105	–21
Scheduled depreciation/amortization, impairment losses and reversals of impairment losses on intangible assets, property, plant and equipment, right-of-use assets and impairment losses and reversals of impairment losses on investments accounted for using the equity method and assets held for sale	761	835
Change in provisions for pensions and similar obligations	–36	–17
Change in net working capital[2]	–381[3]	332
Income taxes paid	–130[3]	–109
Reclassification of gains (–)/losses (+) from the disposal of fixed assets	2	2
Other	–131[3]	42
Gain or loss on net monetary position	–65[3]	–60
Cash flow from operating activities	**127[3]**	**1,004**
Investments in property, plant and equipment	–206	–176
Other investments	–48	–81
Disposals of companies	–1	–57
Disposal of long-term assets and other disposals	40	29
Change in current financial assets	150[4]	0
Interest received	17[5]	48
Profit and loss transfers	13[6]	1
Cash flow from investing activities	**–35[5,6]**	**–236**
Dividends paid	–104	–3
thereof dividends paid to the shareholders of CECONOMY AG	(–63)	(0)
Equity transactions with change in equity interest without obtaining/relinquishing control	–132	0
Redemption of liabilities from put options of non-controlling interests	–26	–1
Proceeds from long-term borrowings	415[3,7,8]	248
Redemption of lease liabilities	–496[3]	–489
Redemption of borrowings (excluding leases)	–514[7,8]	–253
Change in other current borrowings	10[8]	–3
Interest paid	–74	–129
Other financing activities	–11[6]	–19
Cash flow from financing activities	**–932[3, 5, 6]**	**–649**
IAS 29 effects on cash flow from operating, investing and financing activities	16[3]	12
Total cash flows	**–824[3]**	**131**
Currency effects on cash and cash equivalents	–37[3]	–51
Total change in cash and cash equivalents	**–861[3]**	**80**
Total cash and cash equivalents as of 1 October	1,630[3]	816
Less the effects of indexing cash and cash equivalents	48[3]	48
Cash and cash equivalents as of 1 October according to statement of financial position	**1,582**	**769**
Total cash and cash equivalents as of 30 September	769	897
Cash and cash equivalents as of 30 September according to statement of financial position	**769**	**897**

[1] The cash flow statement is explained in the notes – note 35 Notes to the cash flow statement.
[2] Change in net working capital shown from the related statement of financial position items, mainly adjusted for currency effects.
[3] Adjustments due to a change in presentation of effects of the application of IAS 29 "Financial Reporting in Hyperinflationary Economies". Further explanations can be found in the notes – note 35 Notes to the cash flow statement.
[4] Explanations of this adjustment can be found in the notes – note 35 Notes to the cash flow statement.
[5] Presented in the previous year in cash flow from financing activities.
[6] Presented in the previous year under profit and loss transfers and other financing activities.
[7] Explanations of the adjusted figures for the previous year can be found in the notes – note 35 Notes to the cash flow statement.
[8] Explanations of the adjusted figures for the previous year can be found in the notes – note 35 Notes to the cash flow statement.

NOTES

Segment reporting[1]

Operating segments

€ million	DACH		Western/ Southern Europe		Eastern Europe		Others		Consolidation		CECONOMY[2]	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
External sales (net)	12,046	12,054	7,158	7,037	2,054	2,766	510	385	0	0	21,768	22,242
Internal sales (net)	37	40	3	3	0	0	9	33	−50	−76	0	0
Sales (net)	12,083	12,094	7,161	7,040	2,054	2,766	520	417	−50	−76	21,768	22,242
EBITDA	451	469	310	262	93	182	11[3]	−99[3]	2	−1	866	813
Depreciation/amortization and impairment losses	411	400	219	220	61	65	70	155	0	0	762	841
Reversals of impairment losses	0	6	1	0	0	0	0	0	0	0	1	6
EBIT	40	75	92	41	31	117	−59[4]	−253[4]	2	−1	105	−21
EBIT adjusted	77	142	114[5]	36	31	102	−16[5]	−36	2	−1	208[5]	243
Investments	351	350	321	209	78	90	13	19	0	0	762	668
Non-current segment assets	1,873	1,655	974	926	172	184	427	404	0	0	3,447	3,169
Investments accounted for using the equity method	(0)	(0)	(0)	(0)	(0)	(0)	(388)	(257)	(0)	(0)	(388)	(257)

[1] Segment reporting is explained in the notes – note 36 Segment reporting.
[2] Includes external sales in financial year 2022/23 of €9,774 million (2021/22: €9,801 million) for Germany, of €2,266 million (2021/22: €2,477 million) for Italy, of €2,333 million (2021/22: €2,305 million) for Spain, as well as non-current segment assets as of 30 September 2023 of €1,801 million (30/09/2022: €1,993 million) for Germany, and €391 million (30/09/2022: €387 million) for Italy.
[3] Includes expenses from operating companies recognized at equity in the Others segment in the amount of €50 million (2021/22: income of €26 million).
[4] Includes expenses from operating companies recognized at equity in the Others segment in the amount of €132 million (2021/22: €30 million).
[5] Adjustment for portfolio changes for Portugal in the Western/Southern Europe segment and for Sweden in the Others segment.

Notes to the Group accounting principles and methods

Accounting principles

CECONOMY AG is a listed corporation based at Kaistrasse 3, 40221 Düsseldorf, Germany. It is registered at the Düsseldorf District Court under register number HRB 39473. The consolidated financial statements and combined management report are submitted to the operator of the business register and published in the business register. In addition, the components subject to disclosure requirements are also published in electronic reporting format ("ESEF format") in the business register. The entire annual report is also available online at www.ceconomy.de/en/.

The business purpose comprises trading business of all kinds, especially retail and wholesale of consumer electronics, and the manufacture and development of products for this purpose and all associated activities.

These consolidated financial statements of CECONOMY AG as of 30 September 2023 were prepared in accordance with the International Financial Reporting Standards (IFRS). They apply all accounting standards and interpretations that have been adopted and whose application is mandatory in the European Union as of this date. Compliance with the standards and interpretations ensures that a true and fair view of CECONOMY's net assets, financial position and earnings position is presented.

This version of the consolidated financial statements complies with Sec. 315e of the German Commercial Code (HGB). This provides the legal basis for Group accounting in accordance with international standards in Germany together with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

The date they were signed by the Management Board of CECONOMY AG (13 December 2023) is the same as the date on which the Management Board approved the consolidated financial statements for publication and submission to the Supervisory Board.

These consolidated financial statements are generally based on the historical cost method, with the significant exceptions of financial instruments measured at fair value. Furthermore, non-current assets held for sale, disposal groups and discontinued operations are recognized at fair value less costs to sell if this value is lower than the carrying amount. Liabilities from cash-settled share-based payments are likewise stated at fair value. Moreover, provisions are measured at their expected settlement amount.

The income statement was prepared using the cost-of-sales method.

To enhance clarity and meaningfulness, certain items in the income statement and in the statement of financial position are combined. These items are presented and explained separately in the notes.

The consolidated financial statements were prepared in euros. All amounts are shown in millions of euros (€ million) unless stated otherwise. In order to provide a better overview, decimal places are not shown in the tables in some cases. Figures in the tables may contain rounding differences.

The following sections outline the accounting and measurement methods used to prepare the consolidated financial statements.

Application of new accounting methods

ACCOUNTING STANDARDS APPLIED FOR THE FIRST TIME IN FINANCIAL YEAR 2022/23

The following accounting standards and interpretations revised, supplemented and newly issued by the International Accounting Standards Board (IASB) were applied for the first time in these consolidated financial statements. Their application was mandatory for CECONOMY AG in financial year 2022/23 unless it is stated that they were applied early on a voluntary basis.

IFRS 3

The amendment to IFRS 3 includes an adjusted reference to the IFRS Conceptual Framework, which was necessary following the update of the Conceptual Framework in 2018. Furthermore, a requirement was added that, for obligations within the scope of IAS 37 or IFRIC 21, the acquirer applies these standards instead of the Conceptual Framework. IFRS 3 also includes a ban on recognizing contingent assets acquired in a business combination. The amendments do not have any impact on the consolidated financial statements of CECONOMY.

IAS 16

The amendment to IAS 16 clarifies that proceeds generated before the intended use of an item of property, plant and equipment may not be deducted from the cost of that item. Instead, these are recognized directly in profit or loss. The amendments do not have any impact on the consolidated financial statements of CECONOMY.

IAS 37

The amendments to IAS 37 specify the definition of the cost of fulfilling an onerous contract. Accordingly, the cost of fulfilling includes both the incremental costs of fulfilling the contract and other costs that relate directly to fulfilling the contract. The amendments do not have any material impact on the consolidated financial statements of CECONOMY.

Various

A total of four standards were amended as part of the annual improvements to IFRSs (2018 to 2020). The amendments relate to IFRS 1 “First-time Adoption of International Financial Reporting Standards”, IFRS 9 “Financial Instruments”, IFRS 16 “Leases” and IAS 41 “Agriculture”. The amendments do not have any material impact on the consolidated financial statements of CECONOMY.

ACCOUNTING STANDARDS THAT HAD BEEN PUBLISHED BUT NOT YET APPLIED IN FINANCIAL YEAR 2022/23

The IASB has issued or revised other accounting standards and interpretations that CECONOMY has not yet implemented in financial year 2022/23 because their application is not yet mandatory or they have not yet been endorsed by the European Commission.

Standard/ interpretation	Title	Start of application as per IFRS[1]	Application at CECONOMY AG from[2]	Approved by EU[3]
IFRS 10/IAS 28	Consolidated Financial Statements/Investments in Associates and Joint Ventures (amended by Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)	Unknown[4]	Unknown[4]	No
IFRS 17	Insurance Contracts	01/01/2023	01/10/2023	Yes
IAS 1	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	01/01/2023	01/10/2023	Yes
IAS 8	Definition of Accounting Estimates (Amendments to IAS 8)	01/01/2023	01/10/2023	Yes
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	01/01/2023	01/10/2023	Yes
IAS 12	Amendments to IAS 12: International Tax Reform – Pillar Two Model Rules	01/01/2023	01/10/2023	No
IAS 1	Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current	01/01/2024	01/10/2024	No
IFRS 16	Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	01/01/2024	01/10/2024	No
IAS 7/IFRS 7	Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements	01/01/2024	01/10/2024	No
IAS 21	Amendments to IAS 21: Lack of Exchangeability	01/01/2025	01/10/2025	No

[1] Not including early application
[2] Application only from 1 October due to the financial year's deviation from the calendar; on the condition of EU endorsement
[3] As of 13/12/2023 (date of signature by the Management Board of CECONOMY AG)
[4] First-time application indefinitely postponed by the IASB

According to current estimates, the first-time application of the standards and interpretations listed in the table above and other standards amended in the annual improvements will have no material effects on the Group's net assets, financial position and earnings position.

Future change in segment composition

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

Consolidated group

In addition to CECONOMY AG, the consolidated financial statements include all companies directly or indirectly controlled by CECONOMY AG, provided these companies are not insignificant for the consolidated financial statements individually or together. Control exists when a majority in the voting rights, the articles of association, a company contract or a contractual agreement enable control to be exercised over the financial and business policy of a company in order to draw a benefit from its activity.

With CECONOMY AG, 406 German (30/09/2022: 408) and 246 international (30/09/2022: 366) companies are included in the consolidated financial statements.

In financial year 2022/23, the consolidation group changed as follows:

As of 01/10/2022	**774**
Disposals	108
Sales	16
Newly founded companies	2
As of 30/09/2023	**652**

With one exception, the financial years of the Group companies included in the consolidated financial statements end on 30 September.

Deconsolidated companies are accounted for as Group companies up to the date of their disposal.

The disposals relate to 106 mergers and two liquidations. The sales relate to 15 companies in Portugal and one company in Sweden. The newly founded companies relate to one company each in Germany and Austria.

One subsidiary (30/09/2022: one subsidiary) is not fully consolidated for reasons of materiality. Instead, it is carried at cost and recognized under financial investments.

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Two associates (30/09/2022: one associate) are included in the consolidated financial statements using the equity method.

NON-CONTROLLING INTERESTS

There were no material non-controlling interests as of 30 September 2023.

↗ An overview of all material Group companies can be found under note 48 Overview of material fully consolidated Group companies. In addition, a full list of all Group companies and associates in accordance with Sec. 313 HGB is available on the website www.ceconomy.de/en/ under Investor Relations – Publications.

Consolidation principles

The financial statements of the domestic and international subsidiaries including in consolidation are prepared in accordance with IFRS 10 (Consolidated Financial Statements) using uniform accounting and measurement methods.

Subsidiaries are fully consolidated if they are material for the presentation of a true and fair view of the net assets, financial position and earnings position.

The recognition of earnings from investments in associates, joint ventures and joint operations in the income statement depends on whether the investee conducts operating or non-operating activities. Operating activities include both the retail/wholesale business and support activities (e.g. leasing/letting commercial properties, purchasing, logistics). Earnings from operating associates, joint ventures and joint operations are included in operating EBIT, earnings from non-operating entities in the net financial result. Any deviating accounting and measurement methods in the financial statements of companies accounted for using the equity method are retained, provided they do not run significantly counter to CECONOMY's Group-wide accounting and measurement methods.

Intra-Group profits and losses are eliminated. Sales, expenses, income, receivables and liabilities between consolidated Group companies, and provisions are consolidated. Intercompany profits in non-current assets and inventories from intra-Group trading are eliminated if not immaterial. Deferred taxes are recognized on consolidation procedures in accordance with IAS 12 (Income Taxes).

Unrealized gains from transactions with entities accounted for using the equity method are offset against the investment in the amount of the Group's share in the investee.

An increase and reduction in interest in subsidiaries must be presented in reserves retained from earnings as an equity transaction through other comprehensive income, as long as the parent company retains control. If a reduction or complete disposal of the interests results in the loss of control, the full consolidation of the subsidiary is ended as of the date on which the parent company loses the possibility of control. All previously fully consolidated assets, liabilities and equity items are derecognized at amortized Group carrying amounts. The interests disposed of are deconsolidated according to the general rules for deconsolidation. If there are remaining residual shares, they are recognized at fair value as a financial instrument according to IFRS 9 or as an associate measured according to the equity method according to IAS 28.

Currency translation

FOREIGN CURRENCY TRANSACTIONS

In the subsidiaries' separate financial statements, foreign currency transactions are measured at the exchange rate as of the date of the transaction. As of the closing date, monetary assets and liabilities in foreign currency are measured at the exchange rate as of closing date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Gains and losses from exchange rate fluctuations before the closing date are recognized through profit or loss. Currency translation differences from receivables and liabilities in foreign currency that are deemed a net investment in a foreign operation and from equity instruments held for sale and qualified cash flow hedges are recognized through other comprehensive income in reserves retained from earnings.

FOREIGN OPERATIONS

In accordance with IAS 21 (The Effects of Changes in Foreign Exchange Rates), the annual financial statements of foreign subsidiaries are translated into euros in keeping with the functional currency concept. Functional currency is the currency of the primary economic environment in which the subsidiary operates. The consolidated companies generally conduct their businesses independently in financial, economic and organizational terms, so the functional currency is usually their respective local currency. The assets and liabilities are therefore translated at the exchange rate as of closing date. Income statement items are translated at the average exchange rate during the financial year. Differences from the translation of financial statements of foreign subsidiaries are recognized through other comprehensive income and shown separately in reserves retained from earnings. If the foreign subsidiary is not fully owned by the parent company, the corresponding portion of the currency translation differences is allocated to the non-controlling interests.

In the year of disposal or at the date of closure of the business of a foreign subsidiary, currency translation differences are reversed through profit or loss via the net financial result. In the case of partial disposal without loss of control opportunity of a foreign subsidiary, the corresponding portion of the cumulative currency translation differences is allocated to the non-controlling interests. If foreign associates or jointly controlled entities are partially sold without loss of significant influence or joint control, the corresponding portion of the cumulative currency translation differences is recognized through profit or loss.

In financial year 2021/22, a functional currency of a consolidated company was classified as hyperinflationary as defined by IAS 29 (Financial Reporting in Hyperinflationary Economies) for the first time, namely the Turkish lira.

In April 2022, Türkiye was classified as a hyperinflationary economy. This change was effective for reporting periods ending on or after 30 June 2022. The assessment, which was based on quantitative and qualitative criteria, resulted in particular from the fact that cumulative inflation in Türkiye over the past three calendar years had risen to over 100 per cent in the first quarter of calendar year 2022 and continued to increase (cf. data from the statistical office of the European Union (Eurostat) on the harmonized consumer price index).

IAS 29 stipulates that, on first-time application of the accounting standard, the functional currency of the hyperinflationary economy must be treated as if the economy concerned had always been hyperinflationary (retrospective application).

IAS 29 aims to determine the change in purchasing power caused by the hyperinflation and to restate the non-monetary assets, liabilities, equity and income statement of the Group in terms of the measuring unit current at the closing date. Under IAS 29, monetary items do not need to be restated as they already are stated in terms of the measuring unit current at the closing date.

In order to determine the change in purchasing power, data from Eurostat on the harmonized consumer price index for Türkiye was used (CPI basis 2015 = 100). The harmonized consumer price index was 401.10 basis points as of 30 September 2022 and increased to 648.45 basis points as of 30 September 2023.

All items of the statement of financial position and the income statement are translated into the Group's presentation currency in accordance with IAS 21 only after the items concerned have been indexed. In both cases, the exchange rate as of the closing date is used for the translation. The exchange rate per EUR as of the closing date on 30 September 2023 of TRY 29.05140 (30/09/2022: TRY 18.08410) was applied.

For better representation, CECONOMY has decided to show the following effects in the currency reserve: (a) the adjustment of the financial statements/equity on application of the relevant price index and (b) the effects of the currency translation of the underlying financial statements in euros at the exchange rate as of the closing date.

The effects of the indexing of non-monetary assets and liabilities, equity and the items of the statement of comprehensive income in the past financial year 2022/23 are shown under "gain on the net monetary position". A total gain on the net monetary position of €60 million (2021/22: €65 million) was recognized, which primarily resulted from restatements of operating items. For better representation of operating profitability, this was recognized in other operating income as a counter-position to the negative effects in the operating earnings of €–39 million (2021/22: €–56 million). In addition, the higher indexed values of the property, plant and equipment, right-of-use assets and inventories also result in increases in depreciation, amortization and cost of sales. Overall, the application of IAS 29 had a positive effect of approximately €21 million (2021/22: €9 million) in EBIT.

The items of the cash flow statement are likewise indexed. The gain or loss on the net monetary position is presented in a separate line within cash flow from operating activities. Together with the effect of the indexing of the opening balance of cash and cash equivalents, the gain or loss on the net monetary position is also recognized in the line “IAS 29 effects on cash flow from operating, investing and financing activities”.

For the currencies of the most important countries for CECONOMY that are not members of the European Monetary Union, currency translation was based on the following exchange rates:

		Average rate per €		Closing rate per €	
		2021/22	2022/23	30/09/2022	30/09/2023
Pound sterling	GBP	0.84711	0.87058	0.88300	0.86458
Hong Kong dollar	HKD	8.48381	8.35882	7.65210	8.29590
Norwegian krone	NOK	9.99366	11.10804	10.58380	11.25350
Polish złoty	PLN	4.65803	4.61973	4.84830	4.62830
Russian rouble	RUB	78.73291	83.59685	58.66830	103.11760
Swedish krona	SEK	10.42183	11.34182	10.89930	11.53250
Swiss franc	CHF	1.02270	0.97891	0.95610	0.96690
Turkish lira	TRY	15.84158	22.80655	18.08410	29.05140
Hungarian forint	HUF	379.38342	389.04822	422.18000	389.50000

Sources: European Central Bank, Bloomberg

Income statement

RECOGNITION OF INCOME AND EXPENSES

CECONOMY sells a large number of standard products to customers. These customers are primarily end consumers.

When determining the timing of sales recognition, a distinction is generally drawn between four cases:

– In-store product business: sales from product sales are recognized at a point in time when control is transferred. As a rule, control is transferred at the point in time when the product is handed over to the customer and payment by the customer occurs at the same time.

– Online sales: sales are recognized at the time of the expected delivery of the product to the customer and this is not subject to significant judgements.

– Sale of services (over time): if the services constitute a separate performance obligation over time according to IFRS 15, sales are recognized over time as the performance obligation is satisfied. This applies in particular to the sale of extended warranties – for which CECONOMY acts as principal. Here, sales are recognized over the entire warranty period, comprising the statutory warranty period and the periods exceeding the statutory warranty period because uniform services in addition to the statutory warranty are provided over the entire term.

– Sale of services (at a point in time): if the services constitute a separate performance obligation at a point in time according to IFRS 15, sales are recognized on conclusion of the performance obligation. This particularly applies to the installation and delivery of products, marketing services (retail media) and commission for brokering contracts.

Obligations from the return of products are carried as a refund liability. For cases of expected returns, sales are recognized only for those products that are not expected to be returned. The estimate takes account of these to the extent that a significant reversal of sales is highly unlikely to occur as a result of the estimate.

When accounting for the sale of a subsidized device in connection with the brokerage of a service contract, two performance obligations are identified: sale of the device and performance of the service (brokerage of the mobile phone contract). To identify the respective transaction prices of the contract components, they are allocated on the basis of the relative stand-alone selling prices. There is an observable market price for the device. The brokerage commission is estimated according to the cost-plus margin approach. Both performance obligations are satisfied at the time of handover to the customer. As a result, the sales are recognized at a point in time.

CECONOMY exercises the option under IFRS 15.94 to recognize the costs to obtain and fulfil a contract directly as an expense if recognition as an asset would result in an amortization period of one year or less.

In addition, CECONOMY uses the practical expedient in accordance with IFRS 15.63 for financing components that allows the effects of a financing component not to be recognized if the period between the transfer of goods or services and the payment by the customer is one year or less.

Government grants are recognized if it is guaranteed with sufficient certainty that the eligibility criteria are met and the grants will actually be received. Grants that are performance-based and attributable to future periods are recognized on an accrual basis according to the associated expenses. Performance-based grants already received for subsequent periods are deferred and released pro rata in the subsequent periods. Grants for which the entitled beneficiary is the employee are shown as a transitory item.

Operating expenses are recognized on utilization of the service or when incurred.

The **net financial result** primarily comprises the other investment result, interest and currency effects. Interest is recognized as income or expense on an accrual basis, applying the effective interest method as appropriate. Interest expense on borrowings attributable directly to the acquisition or production of a qualifying asset is not recognized in profit or loss but instead must be capitalized as part of the cost of that asset in accordance with IAS 23 (Borrowing Costs). Distributions are recognized through profit or loss when the legal claim to payment is established.

INCOME TAXES

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

Statement of financial position

GOODWILL

Goodwill is capitalized in accordance with IFRS 3 (Business Combinations). Goodwill resulting from a business combination is allocated to the group of cash-generating units that benefits from the synergies of the combination. A cash-generating unit is defined by IAS 36 (Impairment of Assets) as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

On the basis of the provisions of IFRS 3 in conjunction with IAS 36, goodwill is tested for impairment annually as of the closing date. This test is performed at the level of a group of cash-generating units. At CECONOMY, this group is usually each country's organizational unit.

The capitalized goodwill is regularly tested for impairment once a year and during the year if there are indications of impairment. If impairment is found, it is recognized through profit or loss. To determine potential impairment, the recoverable amount of a group of cash-generating units is compared to the sum of the carrying amounts. Recoverable amount is the higher of value in use and fair value less costs to sell. The goodwill allocated to a group of cash-generating units is only impaired if the recoverable amount is smaller than the sum of the carrying amounts. Impairment is not reversed if the reasons for impairment recognized in previous periods cease to apply.

OTHER INTANGIBLE ASSETS

Purchased other intangible assets are carried at cost. **Internally generated intangible assets** are capitalized at development cost in accordance with IAS 38 (Intangible Assets). However, the costs of the research phase are not capitalized but recognized as an expense. Cost includes all costs directly attributable to development. This can include the following costs:

Direct costs	Direct material costs
	Direct production costs
	Special direct production costs
Overhead (directly attributable)	Material overhead
	Production overhead
	Amortization
	Amortization Development-related administrative costs

Borrowing costs are included in the calculation of cost only if they relate to a qualifying asset in accordance with IAS 23 (Borrowing Costs). A qualifying asset is a non-financial asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Other intangible assets with a finite useful life are subsequently measured according to the cost model. The revaluation option is not exercised. All other intangible assets at CECONOMY with a finite useful life are subject to straight-line amortization. Capitalized internally generated and purchased software and similar intangible assets are amortized over a term of up to ten years. Licences are generally amortized over their term. These intangible assets are tested for impairment at every closing date. Impairment is recognized if the recoverable amount is less than the amortized cost. If the asset does not generate cash inflows that are largely independent of other assets or groups, the impairment test is performed at the level of the respective cash-generating unit. The carrying amount of the cash-generating unit is compared with its recoverable amount. If the reasons for impairment recognized in previous periods cease to apply, impairment is reversed to amortized cost.

Other intangible assets with an indefinite useful life are not amortized but tested for impairment at least once a year. Impairment or reversals of impairment are recognized through profit or loss according to the cost principle.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at cost in accordance with IAS 16 (Property, Plant and Equipment). The cost of internally generated assets includes direct costs and directly attributable overhead. Borrowing costs are capitalized as part of cost only for qualifying assets. **Investment grants** received are recognized in accordance with IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) by reducing the cost of the corresponding asset by the amount of the grant. The grants are not recognized as deferred income. **Asset retirement obligations** are included in cost at the discounted settlement amount. Subsequent costs of property, plant and equipment are only additionally capitalized if they result in a higher future economic benefit for CECONOMY.

Property, plant and equipment are subject exclusively to straight-line depreciation using the cost model according to IAS 16.30. The optional revaluation model in accordance with IAS 16.31 is not applied. The useful lives on which the depreciation is based fall within the following ranges, which are standardized throughout the Group:

Buildings	33 to 50 years
Leasehold improvements	15 years or shorter lease term
Business and office equipment	3 to 15 years

Capitalized asset retirement costs are written down proportionately over the useful life of the asset.

If there are indications of impairment of property, plant and equipment, an impairment test is carried out in accordance with IAS 36. Impairment is recognized on the property, plant and equipment if the recoverable amount is less than the amortized cost. If the asset does not generate cash inflows that are largely independent of other assets or groups, the impairment test is performed at the level of the respective cash-generating unit.

If the reasons for impairment cease to exist, the impairment is reversed to amortized cost.

LEASES

CECONOMY accounts for all leases as the lessee using the standardized right-of-use approach under IFRS 16. Under this approach, a liability is recognized for each lease that is equal to the present value of the future lease payments. Lease payments comprise the sum of all fixed lease payments less incentives for the conclusion of the lease and plus all variable lease payments that depend on an index or a rate. Variable payments that constitute fixed payments in substance and amounts expected to be payable under residual value guarantees are also included. Lease payments based on purchase price options and extension options are included if the lessee is reasonably certain to exercise them. Contractually agreed penalties for prematurely terminating the lease are also recognized, if it can be assumed that the lessee will terminate the lease prematurely. With the exception of real estate leasing, the fee is not divided into a lease component and a non-lease component. Variable lease payments are recognized as rental expenses.

On 31 March 2021, the IASB extended the temporary amendment regarding COVID-19-related rent concessions by one year. It exempts lessees from the obligation to assess whether a rent concession meets the definition of a lease modification in accordance with IFRS 16. This rent concession must have been granted to the lessee in connection with the COVID-19 pandemic. CECONOMY has decided not to apply this optional relief.

In principle, the lease must be measured using the interest rate implicit in the lease. If CECONOMY cannot determine this rate, the incremental borrowing rate is used. Over the term of the lease, the lease is subsequently measured at amortized cost using the effective interest method. The liability must be remeasured in the event of changes to calculation parameters, such as the lease term, the assessment of an extension option or purchase option or the expected lease payments.

The corresponding right-of-use asset is capitalized in the amount of the lease liability, including lease payments already made and directly attributable costs. Payments received from the lessor in connection with the lease are deducted. The measurement also takes restoration obligations from leases into account.

The right-of-use asset is measured at amortized cost in accordance with IAS 16 (Property, Plant and Equipment). According to this, the right-of-use asset is depreciated over the shorter of the expected useful life and the lease term. However, if it is already reasonably certain at the commencement of the lease that ownership will transfer to the lessee, it is depreciated over the expected useful life of the underlying asset. If there are indications that a right-of-use asset is impaired, IAS 36 (Impairment of Assets) is applied.

Remeasurement of the lease liability to reflect changes to the lease payments results in a corresponding adjustment at fair value to the right-of-use asset. Negative adjustments in excess of the carrying amount are recognized immediately through profit or loss.

The right-of-use approach is not applied to short-term leases (terms of no more than twelve months) or to low-value assets. Low-value assets are components of leases that, taken individually, are immaterial for the company's business activities. Instead, lease payments for short-term leases and leases of low-value assets are recognized as rental expenses.

In the case of sale-and-lease-back transactions, CECONOMY initially assesses whether a sale has actually taken place in accordance with IFRS 15. If this is the case, a right-of-use asset is recognized at the proportion of the carrying amount of the asset that relates to the retained right of use. Any gain on disposal is recognized in the amount of the proportion transferred to the lessor. If there is no sale, the transaction is treated as financing, without a disposal of the asset.

Leases for which CECONOMY is the lessor are classified as operating and finance leases. For operating leases, CECONOMY, as the lessor, continues to recognize an asset and reports the lease payments as rental income. For finance leases, CECONOMY recognizes a receivable for the lease payments (net investment). The lease receivable is measured using the simplified approach according to IFRS 9 (Financial Instruments). The lease payments made are divided into an interest portion and a redemption portion in accordance with the effective interest method.

CONTRACT ASSETS

Contract assets are reported under the "trade receivables and similar claims" balance sheet item. A contract asset represents the right to consideration in the form of payment from the customer if goods or services have been transferred to the customer but the right to consideration still depends on other factors such as the passage of time.

At CECONOMY, contract assets primarily arise from variable commission claims, e.g. from the brokerage of mobile phone contracts that are still linked to certain conditions. To calculate impairment on contract assets, CECONOMY applies the simplified approach according to IFRS 9 (Financial Instruments).

OTHER ASSETS

This means other receivables and assets, such as other entitlements to tax refunds. Prepaid expenses and deferred charges include transitory accruals.

FINANCIAL INSTRUMENTS

Unless they relate to **associates** as defined by IAS 28 (Investments in Associates and Joint Ventures) or **joint ventures** according to IFRS 11 (Joint Arrangements), **financial assets** are recognized according to the measurement categories described below.

Transaction costs are included in all categories apart from “financial assets measured at fair value through profit or loss”. They are always recognized as of the trade date. Trade receivables without a significant financing component are initially recognized at the transaction price.

Financial instruments are subsequently measured at either amortized cost or fair value, depending on their allocation to the measurement categories described below.

Financial assets are derecognized if the contractual rights to cash flows from the item are terminated or expired or the financial asset is transferred. In addition, financial assets are derecognized if substantially all the risks and rewards of ownership are neither transferred nor retained and control of the transferred financial asset is not retained. There is no full disposal if substantially all the risks and rewards of ownership are neither transferred nor retained and control of the receivables remains with CECONOMY. In this case, only a partial disposal of the receivables in recognized, taking the remaining continuing involvement into account. A financial liability is only derecognized if it is extinguished, i.e. when the obligations specified in the contract are settled, cancelled or expired.

Financial assets measured at amortized cost

All debt instruments that are held as financial assets to maturity or for which the objective is to realize contractual cash flows (“hold” business model) are measured at amortized cost. In addition, it is necessary that these financial instruments meet the SPPI (solely payments of principal and interest) criterion. The SPPI criterion is met if the contractual cash flows are solely unmodified and unleveraged payments of principal and interest on the principal amount outstanding.

For financial assets measured at amortized cost, impairment must be recognized for expected and incurred credit losses. A distinction is drawn here between the general and the simplified approach. CECONOMY applies the **general approach** unless there is voluntary measurement according to the simplified approach (see below). The impairment is recognized in three stages. Financial instruments whose credit risk has not significantly increased since initial recognition are recognized in stage 1. Cash and cash equivalents are not impaired on grounds of materiality.

On this basis, the impairment is measured at an amount equal to twelve-month expected credit losses. In stage 2, impairment is recognized at an amount equal to the expected credit losses over the lifetime of the financial instrument if the credit risk has significantly increased. Stage 3 relates to incurred losses, which are explained below. The general approach is applied in particular to receivables due from suppliers.

For the following items, the asset is impaired using the **simplified approach**: trade receivables, contract assets in accordance with IFRS 15 and lease receivables. An impairment matrix is created for each region (DACH, Western/Southern Europe, Eastern Europe and Others) for the calculation and recognition of expected credit losses. This recognizes the expected credit losses over the lifetime of the financial instrument. It is based on the receivables for which specific bad debt allowances have not yet been recognized. An individual rating is used to calculate the expected credit losses for trade receivables and contract assets due from providers.

At each closing date, financial assets are examined for substantial objective evidence of impairment (incurred credit losses). This evidence includes, for example, delays or defaults in principal or interest payments and significant financial difficulties on the part of the issuer or debtor. If such evidence exists, the amount of the impairment is calculated as the difference between the carrying amount of the asset and the present value of the (still) expected future cash flows. The effective interest rate previously used is used as the discount rate for the expected future cash flows. A specific bad debt allowance must always be recognized for financial assets with loss events.

Within CECONOMY, it is essentially the following financial assets that come under the “hold” business model:

– Loans.

– Trade receivables.

- Receivables due from suppliers: depending on the underlying circumstance, receivables due from suppliers are recognized as a reduction in cost, reimbursement or payment for services rendered. Supplier compensation is recognized on an accrual basis, provided it is contractually agreed and realization is likely. The accruals are based on projections, provided the supplier compensation is regularly tied to certain calendar year targets.

- Cash and cash equivalents: cash and cash equivalents include cheques, cash on hand, bank deposits and other financial assets that can quickly be converted into cash, such as available balances in lawyer trust accounts, money market funds or money in transit with an original term of up to three months. They are measured at their nominal values.

- Securities, provided the defined conditions are met.

Financial assets measured at fair value through other comprehensive income with recycling
This measurement category includes all debt instruments contained within a portfolio for which there are two parallel objectives: firstly, to hold them to maturity and generate contractual cash flows and secondly, to sell the instruments before maturity ("hold and sell" business model).

These financial assets are subsequently measured at fair value, while changes in fair value are recognized through other comprehensive income. This does not include impairment gains and losses or gains and losses from currency translation until the financial asset is derecognized or reclassified.

Within CECONOMY, the following financial assets generally come under the "hold and sell" business model:

- Securities that are part of the liquidity reserve and are sold before maturity if liquidity is required.

Financial assets measured at fair value through other comprehensive income without recycling
Non-derivative equity instruments that are not held for trading can optionally be recognized in this measurement category. The gains and losses associated with the instrument are recognized in other comprehensive income. The amounts recognized in other comprehensive income are never (neither on derecognition nor in the event of impairment) reclassified to the income statement.

The following financial assets can in general be assigned to this category at CECONOMY:

- Investments in corporations.

- Securities, provided they meet the equity definition.

Financial assets measured at fair value through profit or loss
This measurement category, under which measurement is at fair value through profit or loss, comprises the following items:

- Debt instruments that are held in a portfolio with the objective of selling the instruments before maturity ("sell" business model) and that do not meet the SPPI criterion are measured at fair value through profit or loss. At CECONOMY, these include trade receivables if part of a correspondingly structured factoring or similar programme.

- Derivative financial instruments, provided they are not in an effective hedge.

- Equity instruments for which there is an intention to sell or for which there is no intention to sell and no optional allocation to the "measured at fair value through other comprehensive income without recycling" category.

Liabilities measured at amortized cost
All financial liabilities that are not measured at fair value through profit or loss (see below) must be measured at amortized cost. This measurement category primarily includes bond liabilities, liabilities to banks, liabilities from promissory notes, notes payable and trade liabilities.

Liabilities measured at fair value through profit or loss
The following financial liabilities, which are held for trading, are measured at fair value through profit or loss:

- Financial liabilities that were entered into with a short-term repurchase intention or that on initial recognition are part of a portfolio of clearly identifiable financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking.

- Derivative financial liabilities, provided they are not part of an effective hedge.

- Liabilities arising on the transfer of a financial asset that does not meet the criteria for disposal or is recognized according to the continuing involvement approach.

The fair value option is not exercised at CECONOMY, so there is no voluntary allocation of other financial liabilities to the category of financial instruments measured at fair value through profit or loss.

Compound financial instruments
Compound financial instruments issued by the Group include convertible bonds in euros, which the holder can choose to convert into equity interests provided the number of shares to be issued is set and does not change due to changes in fair value.

On initial recognition, the debt component of the compound financial instrument is recognized at the fair value of a similar liability that does not contain an option for conversion into equity. The equity component is recognized on initial recognition as the difference between the fair value of the compound financial instrument and the fair value of the debt component. Directly attributable transaction costs are to be allocated in the ratio of the carrying amounts of the debt and equity components of the financial instrument at the date of initial recognition.

The debt component of the compound financial instrument is subsequently measured at amortized cost using the effective interest method. The equity component of the compound financial instrument continues to be carried at the figure recognized on initial recognition.

Interest in connection with the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity without affecting profit or loss.

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
In accordance with IAS 28, an investee is considered an associate if it is not a subsidiary but significant influence can be exercised over its financial and operating policies. Investments in associates are accounted for using the equity method in accordance with IAS 28. The carrying amounts of investments accounted for using the equity method are increased or decreased by pro rata earnings, distributions or other changes in equity on a quarterly basis. In the event of indications of a lower value of an investment, an impairment test is performed and, if necessary, impairment recognized through profit or loss. If the reasons for the impairment cease to apply, the impairment is reversed to the newly identified recoverable amount, but by no more than the previous impairment. If a controlling interest in a subsidiary is sold to an associate, there is no pro rata elimination in accordance with IAS 28. Instead, the gain or loss resulting from the sale is recognized in full in accordance with IFRS 10.

DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES
Deferred tax assets and deferred tax liabilities are determined in compliance with IAS 12 (Income Taxes) according to the concept of the balance sheet liability method. Deferred taxes result from temporary differences between the carrying amounts stated in the consolidated financial statements and the tax bases of assets and liabilities. Deferred tax assets are also recognized for tax loss and interest carry-forwards not yet used.

Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable income for the realization of the corresponding benefit will be generated in the future.

Deferred tax assets and deferred tax liabilities are offset if the income tax claims and liabilities are from/to the same tax authority and relate to the same tax subject or a group of different tax subjects that are assessed jointly for income tax purposes. Deferred tax assets are reassessed at every closing date and adjusted if necessary.

Deferred taxes are calculated on the basis of the tax rates expected in the individual countries on the date of realization. These are generally based on the statutory regulations in force or already enacted as of the closing date.

The assessment of deferred taxes reflects the tax consequences resulting from CECONOMY's expectations regarding the manner of recovery of the carrying amounts of its assets and fulfilment of its liabilities as of the closing date.

INVENTORIES

Merchandise accounted for as inventories is measured at cost in accordance with IAS 2 (Inventories). Cost is determined using the weighted average cost method. Supplier compensation classified as a reduction in cost reduces the carrying amount of inventories. Both internal and external costs are recognized as acquisition-related costs if they are directly attributable to the acquisition process.

Merchandise is measured on the closing date at the lower of cost and net realizable value. Individual deductions are recognized on merchandise if the net realizable value is lower than the carrying amount. Net realizable value is the expected recoverable sale proceeds less the directly attributable selling expenses still to be incurred up to the time of the sale.

If the reasons that resulted in impairment of merchandise no longer exist, the impairment is reversed accordingly.

As CECONOMY's inventories are never qualifying assets, interest expense on borrowings attributable to inventories is not capitalized in accordance with IAS 23 (Borrowing Costs).

The sub-item **"Assets for products to be returned (right of return)"** takes account of a customer's right of return. When products with a right of return are sold, sales are recognized only in the amount of the consideration to which the company is expected to be entitled. Therefore, the proportion of products that the company expects to be returned must be estimated and not included in the calculation of the transaction price.

In inventory valuation, the estimate used to determine expected net selling prices less costs to sell in accordance with IAS 2 was changed from a backward-looking age discount to a forward-looking coverage discount in order to better account for future developments of market prices. The resulting positive measurement effect is in the low double-digit millions.

INCOME TAX ASSETS AND LIABILITIES

The recognized income tax assets and liabilities relate to domestic and foreign income taxes for 2022/23 and from previous years. They are determined in accordance with the tax provisions of the country in question.

The calculation of income tax liabilities also includes the effects of tax risks. The assumptions and estimates on which these risks are based are regularly reviewed and accounted for in the tax calculation.

NON-CURRENT ASSETS HELD FOR SALE, LIABILITIES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Assets are classified as **non-current assets held for sale** pursuant to IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations) if the associated carrying amount is primarily to be realized through sale and not through continued use. A sale must be planned and achievable with high probability within the next twelve months. Immediately before the initial classification as held for sale, the carrying amounts of the asset must be measured in accordance with applicable IFRS. In the event of reclassification, the asset is recognized at the lower of carrying amount and fair value less cost to sell and presented separately in the statement of financial position. If impairment must be recognized, only non-current assets are impaired to begin with. Impairment is recognized in the order according to IAS 36. Any goodwill is written down first, then impairment is recognized in proportion with the carrying amounts of the non-current assets. However, if the impairment requirement of a disposal group exceeds the carrying amount of the non-current assets, current assets must also be included in the impairment and likewise written down in proportion with the carrying amounts. Liabilities related to assets held for sale are likewise shown separately in the statement of financial position.

In accordance with IFRS 5, a **discontinued operation** is recognized as such if it is held for sale or has already been sold. An operation is a component of an entity that represents either a separate major line of business or a geographical area of operations, is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. Immediately before the initial classification as held for sale, the carrying amounts of the component must be measured in accordance with applicable IFRS. In the event of reclassification, the discontinued operation is carried at the lower of carrying amount and fair value less cost to sell. In the income statement, statement of financial position, cash flow statement and segment reporting, discontinued operations are presented separately and explained in the notes. The previous year's figures – with the exception of the statement of financial position – are adjusted accordingly. Intra-Group relationships with discontinued operations are not recognized in the statement of financial position up to the date of deconsolidation. In the income statement, trade relationships between continuing and discontinued operations are shown as expenses/income within continuing operations if the trade relationships continue after deconsolidation.

EMPLOYEE BENEFITS

Employee benefits include:

- Short-term employee benefits
- Post-employment benefits
- Obligations similar to pensions
- Termination benefits
- Share-based payments

Short-term employee benefits include, for example, wages, salaries, social security contributions, paid annual leave, and paid sick leave and are recognized as liabilities at the repayment amount as soon as the associated work is performed.

Post-employment benefits are paid in connection with either a defined contribution or a defined benefit plan. For **defined contribution plans**, the periodic contribution obligation to the external pension provider is recognized as a pension expense as the same time as the work is performed. Missed or advance payments to the pension provider are recognized as a liability or a receivable, respectively. Liabilities with a maturity of over twelve months are discounted.

The actuarial calculation of pension provisions for post-employment benefit plans as part of a **defined benefit plan** is effected in accordance with the projected unit credit method stipulated by IAS 19 (Employee Benefits) on the basis of actuarial opinions. This benefit/years of service method uses biometric data and takes both the pensions and earned entitlements known at the closing date and the expected future increases in salaries and pensions into account. If the calculated performance obligation or the fair value of plan assets increases or decreases between the start and the end of a financial year due to experience-based adjustments (for example relating to a higher employee turnover rate) or changes in the underlying actuarial assumptions (for example in the discount rate), this results in actuarial gains and losses. These are recognized through other comprehensive income. Effects of plan changes and plan curtailments are recognized through profit or loss in service costs. The interest portion of additions to provisions included in pension expenses is recognized as interest expenses within the financial result. The size of the provision is determined by the difference between the present value of defined benefit obligations and the fair value of plan assets, whereby any effect of the asset ceiling must also be taken into account.

Provisions for obligations similar to pensions (such as anniversary and death benefits) comprise the present value of future payments to employees or their surviving dependants less any associated assets, measured at fair value. The size of the provisions is determined on the basis of actuarial reports pursuant to IAS 19. Actuarial gains and losses are recognized through profit or loss in the period in which they are incurred.

Termination benefits relate to severance payments to employees. They are recognized through profit or loss as a liability if payments must be made to employees on the termination of the employment relationship on the basis of a contractual or constructive obligation. Such an obligation exists when a formal plan exists for the early termination of the employment relationship and it is not possible to withdraw from this plan. If the payment is due more than twelve months after the closing date, it must be carried at its present value.

The share bonuses granted under the share-based payment system are classified as **"cash-settled share-based payments"** pursuant to IFRS 2 (Share-based Payment). Proportionate provisions measured at the fair value of the obligations entered into are recognized for these bonuses, if any. The provisions are recognized proportionately through profit or loss as personnel expenses spread over the underlying vesting period. The fair value is recalculated using an option pricing model at every closing date during the vesting period up to the exercise date. The provision is adjusted accordingly through profit or loss. If the granted share-based payments were hedged with corresponding hedging transactions, the hedges are measured at fair value and recognized under other financial and non-financial assets. The part of the fluctuation in the fair value of the hedges that corresponds to the fluctuation in the fair value of the share-based payments is recognized through profit or loss as personnel expenses. The part of the fluctuations in the fair value exceeding this is recognized through other comprehensive income.

(OTHER) PROVISIONS

(Other) provisions are recognized in accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) if there are legal or constructive obligations to third parties that are based on past transactions or events and are expected to lead to an outflow of resources that can be reliably estimated. The provisions reflect all discernible risks relating to the assumed settlement amount. In the case of a single obligation, the assumption is based on the settlement amount with the highest probability of occurrence. If the calculation of the provision for a single item reveals a range of equally likely settlement amounts, the recognized provision must equal the mean of these settlement amounts. In the event of a large population of similar items, the provision is recognized at the expected value obtained by weighting all possible outcomes by their associated probabilities.

Long-term provisions with a term of more than one year are discounted to the closing date at a matched-term interest rate, which reflects the current market expectations with regard to the time value of money. Provisions with a term of more than one year are discounted accordingly, provided the effect of the time value of money is material. Recourse claims are not offset against the provision amount, but are recognized separately as assets, provided their realization is virtually certain.

Provisions for restructuring are recognized if the constructive obligation to restructure was formalized at the closing date by the adoption of a detailed restructuring plan and its communication to those affected. Restructuring provisions exclusively contain expenses that are essential for restructuring and not connected to the company's ongoing activities.

Provisions for warranties are recognized at the handling costs.

BORROWINGS AND OTHER FINANCIAL LIABILITIES

The fair values of financial liabilities disclosed in the notes are calculated on the basis of the interest rates applicable on the closing date for the corresponding residual maturities and repayment structures.

Financial liabilities from leases are measured at the present value of the future minimum lease payments.

The sub-item "**Refund liability**" within the "Other financial liabilities (current)" balance sheet item takes account of a customer's right of return. When services with a right to a refund are offered, sales are recognized only in the amount of the consideration to which the company is expected to be entitled. Therefore, the proportion of products that the company expects to be returned must be estimated and not included in the calculation of the transaction price.

CONTRACT LIABILITIES

Contract liabilities are reported under the "Trade liabilities and similar liabilities" balance sheet item. A contract liability must be recognized if the customer has already paid but CECONOMY has not yet fulfilled the performance obligation to transfer goods or services to the customer.

At CECONOMY, contract liabilities primarily relate to deferred sales from customer loyalty programmes, the sale of vouchers and extended warranties and to prepayments received on orders.

OTHER LIABILITIES

Other liabilities are carried at their settlement amount.

Deferred income includes transitory accruals.

Other

CONTINGENT LIABILITIES

Contingent liabilities are, firstly, possible obligations that arise from past events but whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Secondly, contingent liabilities constitute present obligations that arise from past events but for which an outflow of resources is considered unlikely or a sufficiently reliable estimate of the amount of the obligation cannot be made. In accordance with IAS 37, such obligations are not recognized in the statement of financial position but rather disclosed in the notes. The calculation of the size of the contingent liabilities is based on the principles of provision measurement.

Summary of selected measurement methods

Item	Measurement method
Assets	
Goodwill	Cost (subsequent measurement: impairment test)
Other intangible assets	
Purchased other intangible assets	(Amortized) cost
Internally generated intangible assets	Development costs (direct costs and directly attributable overhead)
Property, plant and equipment	(Amortized) cost
Investments accounted for using the equity method	Equity method
Right-of-use assets	(Amortized) cost
Financial assets/other financial assets	
Financial assets measured at amortized cost	(Amortized) cost
Financial assets measured at fair value through other comprehensive income with recycling	At fair value through other comprehensive income
Financial assets measured at fair value through other comprehensive income without recycling	At fair value through other comprehensive income
Financial assets measured at fair value through profit or loss	At fair value through profit or loss
Inventories	Lower of cost and net realizable value
Trade receivables and similar claims	
Trade receivables	(Amortized) cost
Contract assets	(Amortized) cost
Receivables due from suppliers	(Amortized) cost
Other assets	(Amortized) cost
Cash and cash equivalents	(Amortized) cost
Assets held for sale	Lower of carrying amount and fair value less cost to sell
Equity and liabilities	
Provisions	
Pension provisions	Projected unit credit method (benefit/years of service method)
Other provisions	Discounted settlement amount (with best-possible estimate)
Financial liabilities	
Liabilities measured at fair value through profit or loss	At fair value through profit or loss
Liabilities measured at amortized cost	(Amortized) cost
Lease liabilities	(Amortized) cost
Borrowings and other financial liabilities	(Amortized) cost or fair value
Other liabilities	(Amortized) cost
Trade liabilities and similar liabilities	
Trade liabilities	(Amortized) cost
Contract liabilities	Settlement amount

Judgements, estimates and assumptions

For the preparation of these consolidated financial statements, **judgements, estimates and assumptions** had to be made that had an impact on the recognition and amount of assets, income, expenses and contingent liabilities.

JUDGEMENTS

Information on significant judgements that have the greatest material effect on the amounts reported in these consolidated financial statements is included in the following disclosures in the notes:

– Definition of the consolidation group by assessing control opportunities ("Consolidation group" section)

– Determination of whether CECONOMY acts as principal or agent in sales transactions (note 1 Sales). If CECONOMY obtains control over the goods or the service before they are transferred to the customer, CECONOMY acts as principal. If the company does not obtain control over the goods or the service sold (before transfer to the customer), CECONOMY acts as agent. CECONOMY acts as principal when it sells physical goods, for example. However, CECONOMY regularly acts as an agent in the sale of software products, prepaid cards from external providers and warranties. The assessment requires discretion and depends on the respective contractual relationship.

– Allocation of the transaction price on the basis of the relative standalone selling prices in the case of multicomponent transactions and the associated sales recognition (note 1 Sales). A standalone selling price is indicated by the observable price of a good or service when the company sells that good or service separately in similar circumstances and to similar customers. At CECONOMY, multicomponent transactions take place, for example, when goods are sold in conjunction with service packages or extended warranties.

- Fair value measurements of financial instruments allocated to levels 2 and 3 in accordance with IFRS 9 and of goodwill in connection with impairment tests.

- The definition of cash-generating units (CGUs) within the Group to which the goodwill relates and the allocation of goodwill acquired via business combinations: For the purpose of impairment testing, the goodwill is allocated to the CGUs that correspond to one country, as they are the lowest level at which the goodwill is monitored for internal management purposes and are not larger than an operating strategic market.

- When specific provisions for accounting in hyperinflationary economies are applied, the effects of the indexing of non-monetary assets and liabilities, equity and the items of the statement of comprehensive income are shown under “gain on the net monetary position”. For better representation of operating profitability, the gain on the net monetary position (primarily from restatements of operating items) is recognized in other operating income as a counter-position to the negative effects in the operating earnings.

- Determination of lease term: At the commencement date, it is assessed whether the exercise of extension or termination options is reasonably certain. This assessment depends on facts and circumstances that provide an economic incentive for or against consideration of the option. In addition to economic incentives, the length of the basic rental period and past experience are also included in the assessment of the probability of exercise. Due to the diverse contract designs at CECONOMY, term clusters are formed over the non-cancellable basic rental period, which can be used to assess the consideration of the option. Every individual factor or circumstance must be reviewed separately in order ultimately to make an overall assessment of the probability of exercise.

- Receivables due from suppliers: Compensation is often negotiated by the supplier to CECONOMY on the basis of a target purchasing volume over the calendar year. At the end of the financial year, discretion is exercised regarding the achievement of the target purchasing volume at the end of the calendar year. An accrual is recognized on the basis of the probable purchasing volume.

ESTIMATES AND ASSUMPTIONS

Information on estimates and underlying assumptions with significant effects for these consolidated financial statements are included in the following disclosures in the notes:

- Group-wide definition of expected useful lives for depreciable assets (note 15 Depreciation/amortization and impairment losses, note 19 Other intangible assets and note 20 Property, plant and equipment).

- Ad hoc impairment test of depreciable assets (note 15 Depreciation/amortization and impairment losses, note 19 Other intangible assets and note 20 Property, plant and equipment).

- Annual test for indicators of impairment and, if necessary, impairment test of goodwill (note 18 Goodwill – including sensitivity analysis) and investments accounted for using the equity method (note 22 Financial investments and investments accounted for using the equity method).

- Measurement of the lease liability and right-of-use asset from leases – especially to determine the probability of exercise of extension and termination options for leases, impairment of the right-of-use asset, and the interest rate, which in the absence of an incremental interest rate is generally calculated on the basis of the respective incremental borrowing rate.

- Recoverability and definition of receivables – especially receivables due from suppliers and from commissions (note 23 Receivables due from suppliers, other financial assets and other assets and note 26 Trade receivables and similar claims).

- Measurement of variable supplier compensation (note 23 Receivables due from suppliers, Other financial assets and non-financial assets and note 25 Inventories).

- Measurement of contract assets (note 26 Trade receivables and similar claims).

- Measurement of inventories (note 25 Inventories).

- Calculation of provisions for pensions and similar obligations (note 30 Provisions for pensions and similar obligations).
- Calculation of other provisions – e.g. for Operating Model, warranties, taxes and risks from legal proceedings (note 31 Other provisions (non-current)/provisions (current)).
- Estimation of expected returns and the associated sales recognition (note 1 Sales).
- Calculation of deferred tax assets on loss carry-forwards, in particular to the associated planning horizon (note 12 Income taxes).

Although the estimates and assumptions were made with great care, actual figures may differ in individual cases. The estimates and assumptions used for the consolidated financial statements are regularly reviewed. Changes are recognized when better knowledge comes to light.

IMPACT OF THE GEOPOLITICAL TENSIONS ON ACCOUNTING

In the past financial year 2022/23, business activity continued to be impacted by geopolitical tensions and was characterized by severe unease among consumers. CECONOMY has no direct or indirect presence in Ukraine or the Middle East and as of 2018 also no longer operates in Russia. The estimates and assumptions of relevance to the consolidated financial statements were made to the best of our knowledge and belief on the basis of current events and measures. Due to the ongoing uncertainty, it is still difficult to predict the impact on assets, liabilities, income and expenses.

Capital management

The objectives of CECONOMY's capital management strategy are to secure business operations, increase the value of the company, create a solid capital base for funding future growth and guarantee capital service. This includes unrestricted bank and capital market access for the optimum management of the capital structure through the use of appropriate instruments. Another central element of the capital management strategy is to ensure sufficient liquidity supply at all times, whereby the objective is the economical and secure handling of cash and cash equivalents and liquidity reserves. The identification and quantification of financial risks and the development of suitable strategies to diversify risk lay important foundations for capital management. The capital management strategy is intended to guarantee CECONOMY's financial flexibility and independence at all times.

CECONOMY's capital management strategy has not changed compared with the previous year.

EQUITY, LIABILITIES AND NET LIQUIDITY/NET DEBT IN THE CONSOLIDATED FINANCIAL STATEMENTS

Equity amounts to €465 million (30/09/2022: €592 million), while liabilities come to €9,170 million (30/09/2022: €9,406 million).

As of 30 September 2023, net debt amounted to €1,687 million. In the previous year, net debt of €2,004 million was reported.

Primarily due to the improvement in net working capital, cash and cash equivalents amounted to €897 million and were thus €128 million higher than in the previous year (30/09/2022: €769 million).

Borrowings decreased by €189 million to €2,584 million as of 30 September 2023 (30/09/2022: €2,773 million). This was mainly driven by the decreased lease liabilities, which declined by €177 million to €1,784 million (30/09/2022: €1,961 million) due to rental payments made.

Adjusted for lease liabilities, net liquidity as of 30 September 2023 amounted to €97 million (30/09/2022 adjusted: net debt of €–43 million).

€ million	30/09/2022	30/09/2023
Equity	**592**	**465**
Liabilities	**9,406**	**9,170**
Net liquidity (+)/Net debt (–)	**–2,004**	**–1,687**
Borrowings	2,773	2,584
Cash and cash equivalents	769	897

LOCAL CAPITAL REQUIREMENTS

CECONOMY's capital management strategy always aims to ensure that the Group companies are capitalized in line with local requirements. In financial year 2022/23, all external capital requirements were met. For example, these include compliance with a certain level of indebtedness or a fixed equity ratio.

Notes to the income statement

1. SALES

Sales (net) primarily result from product sales and break down as follows:

	DACH		Western/ Southern Europe		Eastern Europe		Others		CECONOMY	
€ million	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
Product sales	11,276	11,246	6,700	6,606	1,976	2,661	475	349	20,428	20,862
Services & Solutions	769	808	458	432	78	104	35	35	1,340	1,379
Total sales	**12,046**	**12,054**	**7,158**	**7,037**	**2,054**	**2,766**	**510**	**385**	**21,768**	**22,242**

In comparison with the previous year, Group sales increased by 2.2 per cent to €22,242 million. This includes effects from the application of IAS 29 (hyperinflation in Türkiye) of €6 million (2021/22: €80 million).

Of Group sales of €22,242 million (2021/22: €21,768 million), €4,943 million related to online sales (2021/22: €5,346 million).

23 new stores were opened in financial year 2022/23, of which two stores in Austria, three stores in Hungary, four stores each in Germany, Spain and Italy, and six stores in Türkiye. A total of 49 stores were closed; 29 of the 49 closures are attributable to the sale of the Sweden business, another ten to the sale of the business in Portugal. There were also five store closures in Germany and one each in Belgium, Spain, Italy, the Netherlands and Poland. The store network decreased to 998 stores as of the closing date.

2. COST OF MATERIALS

The cost of sales includes costs of materials for purchased goods of €17,912 million (2021/22: €17,536 million).

3. OTHER OPERATING INCOME

€ million	2021/22	2022/23
Income from rents and subleases incl. reimbursements of subsidiary rental costs	8	7
Gains from the disposal of fixed assets and gains from reversal of impairment losses	8	12
Services rendered to suppliers	14	15
Income from deconsolidation	2	21
Cost refunds	63	57
Gain on the net monetary position	65	60
Miscellaneous	92	78
	253	**252**

Income from services rendered to suppliers relates to marketing activities, and income from cost refunds primarily includes income for transport, travel, labour and material costs incurred.

The gain on the net monetary position primarily resulted from restatements of operating items in connection with the hyperinflation in Türkiye. For better representation of operating profitability, this was recognized in other operating income as a counter-position to the negative effects in the operating earnings of €–39 million (2021/22: €–56 million).

The miscellaneous other operating income particularly includes income from claims for damages of €13 million (2021/22: €36 million). It also includes, among other things, income from the derecognition of statute-barred liabilities of €4 million (2021/22: €3 million).

In financial year 2022/23, income from deconsolidation of €21 million (2021/22: €2 million) relates to the disposal of the MediaMarkt Portugal business.

↗ Additional information on income from deconsolidation can be found under note 27 Assets held for sale/liabilities related to assets held for sale.

4. SELLING EXPENSES

€ million	2021/22	2022/23
Personnel expenses	1,534	1,537
Cost of materials	1,768	1,804
	3,301	**3,341**

The increase in the cost of materials was mainly due to higher subsidiary rental costs, expenses for goods management, insurance and energy costs. Lower depreciation and amortization had the opposite effect.

5. GENERAL ADMINISTRATIVE EXPENSES

€ million	2021/22	2022/23
Personnel expenses	283	333
Cost of materials	330	313
	613	**647**

The increase in personnel expenses was primarily due to wage and salary adjustments and severance payments.

The cost of materials decreased, due primarily to lower IT costs.

6. OTHER OPERATING EXPENSES

€ million	2021/22	2022/23
Losses from disposals of property, plant and equipment and intangible assets	6	7
Impairment and deconsolidation effect MediaMarkt Sweden	0	69
	6	**76**

↗ Additional information on MediaMarkt Sweden can be found under note 27 Assets held for sale/liabilities related to assets held for sale.

7. OTHER INVESTMENT RESULT

The other investment result recognized under the net financial result was €0 million (2021/22: €13 million). The €13 million decrease in the other investment result is primarily attributable to the investment in PJSC “M.video”, from which investment income of €11 million was realized in the previous year. In contrast, no investment income was recognized from this investment in financial year 2022/23, because the company did not distribute profits. Given the trade and capital market restrictions enacted by Russia, the recognition of investment income from the investment in PJSC “M.video” is currently practically impossible anyway. In addition, the other investment result also declined because the income from the investment in METRO PROPERTIES GmbH & Co. KG was recognized at €0 million, €1 million lower than in the previous financial year. As in the previous year, no investment income was recognized from the investment in METRO AG in financial year 2022/23.

↗ Additional information on the investments can be found under note 22 Financial investments and investments accounted for using the equity method.

8. NET IMPAIRMENTS ON OPERATING FINANCIAL ASSETS AND CONTRACT ASSETS

Net impairments came to €16 million in financial year 2022/23 (2021/22: €5 million).

↗ Additional information on net impairments can be found under note 34.1 Impairments of capitalized financial instruments and contract assets.

9. INTEREST INCOME/INTEREST EXPENSES

Interest income and interest expenses from financial instruments are allocated to the measurement categories pursuant to IFRS 9 according to the underlying transactions. The net interest result comprises the following:

€ million	2021/22	2022/23
Interest income	24	64
thereof from lease liabilities	(0)	(0)
thereof post-employment benefit plans	(1)	(6)
thereof from financial instruments of the measurement categories according to IFRS 9:		
Loans and receivables incl. cash and cash equivalents	(0)	(0)
Financial instruments measured at amortized cost	(9)	(45)
Financial instruments measured at fair value through other comprehensive income	(0)	(0)
Financial instruments measured at fair value through profit or loss	(0)	(0)
Interest expenses	–71	–155
thereof from lease liabilities	(–22)	(–47)
thereof post-employment benefit plans	(–5)	(–17)
thereof from financial instruments of the measurement categories according to IFRS 9:		
Financial instruments measured at fair value through profit or loss	(0)	(0)
Financial instruments measured at amortized cost	(–12)	(–26)
	–47	**–91**

Interest income rose by €40 million from €24 million to €64 million. The increase is mainly due to interest income from banks as a result of higher deposits.

Interest expenses rose by €84 million from €71 million to €155 million. In addition to the increased interest expenses from lease liabilities and post-employment benefit plans, increased bank commission also resulted in a rise in interest expenses.

10. OTHER FINANCIAL RESULT

Other financial income and expenses from financial instruments are allocated to the measurement categories pursuant to IFRS 9 according to the underlying transactions. In addition to income and expenses from the measurement of financial instruments in accordance with IFRS 9, this also takes into account measurements of foreign currency items under IAS 21.

€ million	2021/22	2022/23
Other financial income	58	129
thereof currency effects	(30)	(50)
thereof from currency hedges	(3)	(0)
Other financial expenses	–80	–60
thereof currency effects	(–58)	(–37)
thereof from currency hedges	(0)	(–1)
Other financial result	**–22**	**70**
thereof from financial instruments of the measurement categories/standards according to IFRS 9		
Loans and receivables incl. cash and cash equivalents	(0)	(0)
Financial instruments measured at amortized cost	(–25)	(–4)
Financial instruments measured at fair value through other comprehensive income	(0)	(0)
Financial instruments measured at fair value through profit or loss	(3)	(–1)

Total comprehensive income from currency effects and measurement results of currency hedging transactions and currency hedging relationships essentially relates to MediaMarkt Türkiye.

In financial year 2022/23, other financial income includes income from derecognized currency effects in connection with the deconsolidation of MediaMarkt Sweden of €76 million and income from currency effects and measurement results of currency hedging transactions and currency hedging relationships and gains on remeasuring liabilities from non-Group shareholders' put options and from multi-year compensation payments to minority shareholders based on profit and loss transfer agreements concluded with selected store entities of €3 million (2021/22: €24 million).

In financial year 2022/23, other financial expenses include expenses from currency effects and measurement results of currency hedging transactions and currency hedging relationships and expenses for credit and commitment fees for adjusted credit facilities of €17 million (2021/22: €16 million).

↗ Additional information on the potential impact of currency risks can be found under note 37 Management of financial risks.

11. NET GAINS/LOSSES BY MEASUREMENT CATEGORY

The main effects on earnings from financial instruments are as follows:

2021/22

€ million	Dividends paid	Interest income/ interest expenses	Changes in market value	Net impairments	Currency translation	Other	Net gains/ losses
Financial assets at amortized cost	0	6	0	−5	2	0	3
Financial assets at fair value through other comprehensive income (with recycling)	0	0	0	0	0	0	0
Financial assets at fair value through other comprehensive income (without recycling)[1]	13	0	0	0	0	0	13
Financial assets/liabilities at fair value through profit or loss	0	0	3	0	0	0	3
Financial liabilities at amortized cost	0	−10	0	0	−30	6	−33
Financial liabilities at fair value through profit or loss	0	0	0	0	0	0	0
	13	**−3**	**3**	**−5**	**−28**	**6**	**−14**

[1] The net result including measurement effects recognized through other comprehensive income amounts to €−152 million

2022/23

€ million	Dividends paid	Interest income/ interest expenses	Changes in market value	Net impairments	Currency translation	Other	Net gains/ losses
Financial assets at amortized cost	0	45	0	−15	21	0	51
Financial assets at fair value through other comprehensive income (with recycling)	0	0	0	0	0	0	0
Financial assets at fair value through other comprehensive income (without recycling)[1]	0	0	0	0	0	0	0
Financial assets/liabilities at fair value through profit or loss	0	0	−1	0	0	0	−1
Financial liabilities at amortized cost	0	−26	0	0	−8	−13	−47
Financial liabilities at fair value through profit or loss	0	0	0	0	0	0	0
	0	**19**	**−1**	**−15**	**13**	**−13**	**3**

[1] The net result including measurement effects recognized through other comprehensive income amounts to €−20 million

The other net gains/losses from financial liabilities measured at amortized cost of €−13 million (2021/22: €6 million) mainly relate to gains on remeasuring liabilities from non-Group shareholders' put options and from multi-year compensation payments to minority interests based on profit and loss transfer agreements concluded with selected store entities of €1 million (2021/22: €20 million) and, in contrast, expenses for credit and commitment fees of €17 million (2021/22: €16 million).

↗ A detailed description of impairments can be found under note 34.1 Impairments of capitalized financial instruments and contract assets.

12. INCOME TAXES

Expected income taxes and deferred taxes for the individual countries are to be recognized as income taxes.

€ million	2021/22	2022/23
Current taxes	**−57**	**−49**
thereof Germany	(−11)	(−9)
thereof international	(−46)	(−39)
thereof tax expenses/income of current period	(−53)	(−53)
thereof tax expenses/income of previous periods	(−4)	(4)
Deferred taxes	**137**	**54**
thereof Germany	(147)	(51)
thereof international	(−9)	(3)
	81	**5**

In current taxes, the application of IAS 29 results in tax income of around €5 million. Deferred taxes also include a tax expense of around €14 million. The German income tax rate applicable to CECONOMY AG is made up of the corporate income tax of 15 per cent plus the solidarity surcharge of 5.5 per cent and the trade tax of 14.7 per cent with an average assessment rate of 420.15 per cent. This gives a total tax rate of 30.53 per cent, in line with the previous year's rate. Foreign income tax rates applied are based on the laws and regulations in place in each country and range from between 11.3 per cent and 27.9 per cent (2021/22: 11.3 per cent and 27.9 per cent).

€ million	2021/22	2022/23
Deferred taxes in the income statement	**137**	**54**
thereof from temporary differences	(−1)	(9)
thereof from loss and interest carry-forwards	(138)	(45)

In addition to the recognized income taxes, there are contingent liabilities in connection with uncertain income tax items for cross-border transfer pricing and for technical requirements of systems. Despite extensive documentation on cross-border transfer pricing, there is a minor residual risk that the local tax authorities do not permit the allocated costs to be deducted, even if the German tax law demands a cost allocation.

The tax income of €5 million (2021/22: €81 million) is €8 million lower than the expected income tax of €13 million (2021/22: €−15 million), calculated by applying the Group tax rate (30.53 per cent) to earnings before taxes.

The reconciliation of expected to recognized income tax is as follows:

€ million	2021/22	2022/23
Earnings before taxes	**49**	**−42**
Expected income tax (30.53%)	−15	13
Tax rate changes	2	1
Effects of differing national tax rates	−4	1
Tax expenses and income relating to other periods	−10	1
Effects of non-creditable taxes	−3	−2
Non-deductible business expenses for tax purposes	−20	−27
Effects of not recognized or impaired deferred taxes	113	27
Additions and reductions for local taxes	−8	−10
Tax holidays	18	9
Permanent differences	8	−9
Other deviations	1	1
Income taxes according to the income statement	**81**	**5**
Group tax rate (in %)	**−163.6**	**12.7**

Current income taxes were reduced due to the use of previously unrecognized tax losses of €4 million in financial year 2022/23. Furthermore, reversal of impairment losses for deferred tax assets on loss carry-forwards and temporary differences resulted in deferred tax income of €86 million (2021/22: €204 million), which primarily related to the subsequent measurement of deferred tax assets at the level of CECONOMY AG.

13. PROFIT OR LOSS FOR THE PERIOD ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

The profit or loss for the period attributable to non-controlling interests amounts to €2 million (2021/22: €4 million) and includes €2 million (2021/22: €20 million) in profit shares and €0 million (2021/22: €16 million) in loss shares.

The non-controlling interests primarily comprise profit/loss shares of store managers from MediaMarkt Austria.

14. EARNINGS PER SHARE

Undiluted earnings per share is calculated by dividing the profit or loss for the period attributable to shareholders of CECONOMY AG by the weighted number of shares outstanding.

	2021/22	2022/23
(Weighted) number of no-par-value shares outstanding – undiluted	400,779,988	485,221,084
Profit or loss for the period attributable to shareholders of CECONOMY AG (€ million) – undiluted	126	−39
Undiluted earnings per share in €[1]	**0.31**	**−0.08**

[1] 485,221,084 ordinary shares issued since 3 June 2022

Diluted earnings per share is calculated by dividing the profit or loss for the period attributable to shareholders of CECONOMY AG by the weighted number of shares outstanding adjusted for all dilutive effects of potential ordinary shares, as shown below:

	2021/22	2022/23
(Weighted) number of no-par-value shares outstanding – undiluted	400,779,988	485,221,084
(Weighted) number of potential shares from convertible bonds	8,701,410	27,859,778
(Weighted) number of no-par-value shares outstanding – diluted	409,481,398	513,080,862
Profit or loss for the period attributable to shareholders of CECONOMY AG (€ million) – undiluted	126	−39
Interest expenses on convertible bonds – after taxes (€ million)	2	7
Profit or loss for the period attributable to shareholders of CECONOMY AG (€ million) – diluted	128	−31
Diluted earnings per share in €[1]	**0.31**	**−0.08**

[1] 485,221,084 ordinary shares issued since 3 June 2022

There is a dilution protection in financial year 2022/23, because the diluted earnings per share reduced the negative earnings per share due to the inclusion of convertible bonds.

As of 30 September 2023, CECONOMY AG has issued no preference shares.

15. DEPRECIATION/AMORTIZATION AND IMPAIRMENT LOSSES

The breakdown of amounts of depreciation/amortization in the income statement and into the relevant asset categories is as follows:

2021/22

€ million	Goodwill	Other intangible assets	Property, plant and equipment	Right-of-use assets	Investments accounted for using the equity method	Total
Cost of sales	0	0	0	0	0	0
thereof depreciation/amortization	(0)	(0)	(0)	(0)	(0)	(0)
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)
Selling expenses	0	4	149	502	0	656
thereof depreciation/amortization	(0)	(4)	(137)	(495)	(0)	(636)
thereof impairment losses	(0)	(0)	(12)	(7)	(0)	(19)
General administrative expenses	0	17	19	14	0	50
thereof depreciation/amortization	(0)	(17)	(17)	(13)	(0)	(47)
thereof impairment losses	(0)	(0)	(2)	(1)	(0)	(3)
Other operating expenses	0	0	0	0	0	0
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)
Earnings share of operating companies recognized at equity	0	0	0	0	56	56
thereof impairment losses	(0)	(0)	(0)	(0)	(56)	(56)
Total	**0**	**22**	**168**	**516**	**56**	**762**
thereof depreciation/amortization	(0)	(22)	(153)	(509)	(0)	(684)
thereof impairment losses	(0)	(0)	(15)	(8)	(56)	(78)

2022/23

€ million	Goodwill	Other intangible assets	Property, plant and equipment	Right-of-use assets	Investments accounted for using the equity method	Assets held for sale	Total
Cost of sales	0	0	0	0	0	0	0
thereof depreciation/amortization	(0)	(0)	(0)	(0)	(0)	(0)	(0)
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Selling expenses	0	4	142	484	0	0	630
thereof depreciation/amortization	(0)	(4)	(125)	(480)	(0)	(0)	(608)
thereof impairment losses	(0)	(0)	(18)	(4)	(0)	(0)	(22)
General administrative expenses	0	32	18	13	0	0	64
thereof depreciation/amortization	(0)	(25)	(18)	(12)	(0)	(0)	(55)
thereof impairment losses	(0)	(8)	(0)	(1)	(0)	(0)	(9)
Other operating expenses	0	0	0	0	0	65	65
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(65)	(65)
Earnings share of operating companies recognized at equity	0	0	0	0	82	0	82
thereof impairment losses	(0)	(0)	(0)	(0)	(82)	(0)	(82)
Total	**0**	**36**	**161**	**498**	**82**	**65**	**841**
thereof depreciation/amortization	(0)	(28)	(143)	(493)	(0)	(0)	(664)
thereof impairment losses	(0)	(8)	(18)	(5)	(82)	(65)	(177)

The impairments totalling €177 million (2021/22: €78 million) primarily comprise €18 million (2021/22: €15 million) on property, plant and equipment, €82 million (2021/22: €56 million) on Fnac Darty S.A., and €65 million on assets held for sale relating to the MediaMarkt Sweden disposal group.

Impairment of €16 million (2021/22: €15 million) relates to the DACH segment, €9 million (2021/22: €6 million) to the Western/Southern Europe segment, €6 million (2021/22: €1 million) to the Eastern Europe segment, and €146 million (2021/22: €57 million) to the Others segment.

16. PERSONNEL EXPENSES

Personnel expenses comprise the following:

€ million	2021/22	2022/23
Wages and salaries	1,613	1,722
Social security expenses, expenses for post-employment benefit plans and related employee benefits	375	391
thereof post-employment benefits	(28)	(27)
	1,988	**2,113**

Wages and salaries listed under personnel expenses include expenses associated with efficiency measures of €56 million (2021/22: €28 million associated with the introduction of a harmonized group-wide organizational structure ("Operating Model")). Variable remuneration increased from €77 million in the previous year to €100 million in financial year 2022/23. In addition, wage and salary adjustments also resulted in an increase in personnel expenses.

The average number of employees in the Group during the year was as follows:

Workforce by headcount	2021/22	2022/23
Wage-/salary-earning employees	51,323	49,936
Trainees	2,566	2,611
	53,889	**52,547**

This includes 15,691 part-time employees (2021/22: 16,019). 4,916 of the employees are in management positions (2021/22: 5,118) and 45,020 are non-executive staff (2021/22: 46,205). 28,961 members of staff were employed outside Germany (2021/22: 29,929).

17. OTHER TAXES

Other taxes (such as land tax, vehicle tax, excise and transfer tax) break down as follows:

€ million	2021/22	2022/23
Other taxes	**20**	**16**
thereof from selling expenses	(20)	(14)
thereof from general administrative expenses	(1)	(2)

Notes to the statement of financial position

18. GOODWILL

Goodwill was €524 million as of 30 September 2023 (30/09/2022: €524 million).

As of the reporting date, goodwill was broken down among the following groups of cash-generating units:

	30/09/2022		30/09/2023	
		WACC		WACC
	€ million	%	€ million	%
Germany	314	6.8	314	6.0
Italy	72	8.4	72	7.6
Netherlands	51	7.2	51	6.5
Spain	49	7.9	49	7.1
Other countries	38		38	
	524		**524**	

In accordance with IAS 36, goodwill is tested for impairment annually as of 30 September. However, if there are indications that goodwill may be impaired, it is also necessary to perform an impairment test during the year. This impairment test is performed at the level of a group of cash-generating units. At CECONOMY, this group is usually each country's organizational unit.

The impairment test compares the total carrying amounts of the group of cash-generating units against the recoverable amount. The recoverable amount is the fair value minus selling expenses, which is calculated from the discounted future cash flows using inputs for level 3 of the fair value hierarchy.

↗ The fair value hierarchy is described under note 34.6 Carrying amounts and fair values according to measurement categories.

Expected cash flows are based on a qualified planning process, taking into account past figures within the company as well as external economic data. In financial year 2022/23, the detailed planning period is a total of five financial years. As in the previous year, it is assumed that after five financial years the country organizations are again in a steady state that is suitable for the perpetual annuity calculation. The short-to medium-term distortion reflected in sales and earnings planning for the first financial years and that are the result primarily of an increase and escalation of geopolitical tensions and continued, palpable unease among consumers in light of shrinking economies and sinking real household incomes will recover in the following financial years. These normalized sales and earnings figures form the basis for subsequent measurement following the detailed planning period. In line with the approach in previous years, an annual growth rate of 1.00 per cent is assumed in financial years following the detailed planning period.

The weighted average cost of capital (WACC) is calculated as the capitalization rate using the capital asset pricing model. The calculation uses a peer group of comparable companies for all groups of cash-generating units operating in the same business unit. The capitalization rates are also determined under the assumption of a basic interest rate of 2.7 per cent (30/09/2022: 1.7 per cent) and a market risk premium of 7.0 per cent (30/09/2022: 7.5 per cent) and a beta factor of 1.04 (30/09/2022: 1.09). Country-specific risks premiums are charged both for the cost of equity and for borrowing costs. Capitalization rates after taxes, calculated individually for each group of cash-generating units, range from 6.0 per cent to 10.4 per cent (30/09/2022: 6.8 per cent to 8.5 per cent).

CECONOMY also operated in a challenging market environment in financial year 2022/23. This was particularly characterized by geopolitical and macroeconomic tensions and – in association with this – by a downturn in private household's propensity to consume. In financial year 2022/23, this development was cause for an impairment test of the recognized goodwill during the year. Despite a weakened earnings position compared with the previous year's budget planning, these ad hoc impairment tests carried out did not provide any indication of impairment on the goodwill recognized.

In addition – as in the previous year – the annual impairment tests of goodwill in financial year 2022/23 were performed as of 30 September 2023.

For goodwill considered to be material, the mandatory annual impairment test as of 30 September 2023 made the following assumptions regarding sales, EBIT and the target EBIT margin for the purpose of valuation during the detailed planning period. The EBIT margin represents the ratio of EBIT to sales.

	Sales	EBIT	EBIT margin	Detailed planning period (years)
Germany	Slight growth	Solid growth	Solid growth	5
Italy	Slight growth	Solid growth	Solid growth	5
Netherlands	Slight growth	Slight growth	Slight growth	5
Spain	Slight growth	Solid growth	Solid growth	5

The mandatory annual test likewise confirmed the value of all goodwill capitalized as of 30 September 2023.

Finally, three sensitivity analyses were conducted for each group of cash-generating units. The first sensitivity analysis assumed a growth rate that was one percentage point lower and thus a growth rate of zero per cent for the perpetual annuity. In the second sensitivity analysis, the capitalization rate for each group of cash-generating units was raised by 20 per cent. The third sensitivity analysis applied a flat-rate likewise 20 per cent reduction to the assumed perpetual EBIT. In order to give the uncertainties associated with the free cash flow forecasts a higher weighting, the reductions applied to the capitalization rate and the reductions applied to EBIT were each raised from 10 per cent in the previous year to 20 per cent in financial year 2022/23. The sensitivity analyses of the capitalization rate and of the assumed perpetual EBIT resulted in an impairment requirement in the low double-digit millions for the group of cash-generating units in Italy. The recoverable amount calculated for the group of cash-generating units in Italy exceeds the associated carrying amount by €48 million. The carrying amount applicable to the group of cash-generating units in Italy would be equal to the corresponding recoverable amount if – under otherwise identical conditions – the capitalization rate were 8.45 per cent or the reduction on the assumed perpetual EBIT were 15.05 per cent. For the other groups of cash-generating units, the adjusted sensitivity analyses also did not result in impairment.

€ million	Goodwill
Cost	
As of 01/10/2021	531
Currency translation	0
Additions to consolidation group	0
Disposals	0
Reclassifications to IFRS 5	0
Transfers	0
As of 30/09 or 01/10/2022	531
Currency translation	0
Additions to consolidation group	0
Disposals	0
Reclassifications to IFRS 5	0
Transfers	0
As of 30/09/2023	531
Impairment	
As of 01/10/2021	7
Currency translation	0
Additions	0
Additions to impairment	0
Disposals	0
Reclassifications to IFRS 5	0
Reversals of impairment losses	0
Transfers	0
As of 30/09 or 01/10/2022	7
Currency translation	0
Additions	0
Additions to impairment	0
Disposals	0
Reclassifications to IFRS 5	0
Reversals of impairment losses	0
Transfers	0
As of 30/09/2023	7
Carrying amount as of 01/10/2021	524
Carrying amount as of 30/09/2022	524
Carrying amount as of 30/09/2023	**524**

19. OTHER INTANGIBLE ASSETS

€ million	Intangible assets without goodwill	(thereof internally generated intangible assets)
Cost		
As of 01/10/2021	439	(183)
Currency translation/indexing	1	(0)
Additions to consolidation group	0	(0)
Additions	47	(22)
Disposals	–1	(0)
Reclassifications to IFRS 5	0	(0)
Transfers	5	(11)
As of 30/09 or 01/10/2022	488	(216)
Currency translation/indexing	0	(0)
Additions to consolidation group	0	(0)
Additions	52	(24)
Disposals	–8	(0)
Reclassifications to IFRS 5	–6	(–2)
Transfers	0	(–3)
As of 30/09/2023	527	(234)
Amortization and impairment losses		
As of 01/10/2021	314	(92)
Currency translation/indexing	1	(0)
Additions	22	(8)
Additions to impairment	0	(0)
Disposals	–1	(0)
Reclassifications to IFRS 5	0	(0)
Reversals of impairment losses	0	(0)
Transfers	3	(0)
As of 30/09 or 01/10/2022	336	(100)
Currency translation/indexing	0	(0)
Additions	28	(10)
Additions to impairment	8	(2)
Disposals	–4	(0)
Reclassifications to IFRS 5	–6	(–2)
Reversals of impairment losses	0	(0)
Transfers	0	(–4)
As of 30/09/2023	362	(105)
Carrying amount as of 01/10/2021	125	(91)
Carrying amount as of 30/09/2022	152	(116)
Carrying amount as of 30/09/2023	**165**	**(129)**

Other intangible assets include exclusively intangible assets with a limited useful life. These are primarily concessions, rights, licences and software. They are therefore amortized and subject to an impairment test only when necessary.

Additions include €24 million (2021/22: €22 million) for internally generated intangible assets and mainly relate to software under development of €23 million (2021/22: €17 million). The other additions of €28 million (2021/22: €25 million) include software under development purchased from third parties of €15 million (2021/22: €14 million) and concessions, rights and licences purchased from third parties of €14 million (2021/22: €12 million).

Amortization amounted to €28 million (2021/22: €22 million). Of this, €25 million (2021/22: €17 million) was recognized in general administrative expenses, €4 million (2021/22: €4 million) in selling expenses and €0 million (2021/22: €0 million) in cost of sales.

As in the previous year, there are no restrictions on ownership or title for intangible assets. Purchase obligations of €1 million (30/09/2022: €2 million) were concluded for intangible assets.

20. PROPERTY, PLANT AND EQUIPMENT

Changes in property, plant and equipment can be seen in the following table.

€ million	Land and buildings	Other plant, business and office equipment	Assets under construction	Total
Cost				
As of 01/10/2021	5	2,742	23	2,770
Currency translation/indexing	0	55	−3	53
Additions to consolidation group	0	0	0	0
Additions	0	188	29	216
Disposals	0	−199	−2	−201
Reclassifications to IFRS 5	0	0	0	0
Transfers	0	15	−17	−2
As of 30/09 or 01/10/2022	5	2,802	30	2,837
Currency translation/indexing	0	6	−1	5
Additions to consolidation group	0	0	0	0
Additions	0	180	16	196
Disposals	0	−139	−4	−144
Reclassifications to IFRS 5	0	−106	0	−106
Transfers	0	17	−17	−0
As of 30/09/2023	5	2,759	24	2,788
Depreciation and impairment losses				
As of 01/10/2021	5	2,258	0	2,262
Currency translation/indexing	0	50	0	50
Additions	0	153	0	153
Additions to impairment	0	15	0	15
Disposals	0	−184	0	−184
Reclassifications to IFRS 5	0	0	0	0
Reversals of impairment losses	0	−1	0	−1
Transfers	0	0	0	0
As of 30/09 or 01/10/2022	5	2,291	0	2,295
Currency translation/indexing	0	5	0	5
Additions	0	143	0	143
Additions to impairment	0	18	0	18
Disposals	0	−118	0	−118
Reclassifications to IFRS 5	0	−97	0	−97
Reversals of impairment losses	0	0	0	0
Transfers	0	0	0	0
As of 30/09/2023	5	2,242	0	2,246
Carrying amount as of 01/10/2021	0	485	23	507
Carrying amount as of 30/09/2022	0	511	30	541
Carrying amount as of 30/09/2023	**0**	**517**	**24**	**541**

Depreciation amounted to €143 million (2021/22: €153 million). Of this, €125 million (2021/22: €137 million) was recognized in selling expenses, €18 million (2021/22: €17 million) in general administrative expenses and €0 million (2021/22: €0 million) in cost of sales.

In the past financial year 2022/23, impairments totalling €18 million (2021/22: €15 million) were recognized on property, plant and equipment. These comprise impairments of €13 million (2021/22: €7 million) attributable to asset retirement obligations and of €5 million (2021/22: €7 million) attributable to sustained losses and store closures. Here, sustained losses and store closures, allocated to property, plant and equipment, resulted in impairment tests at the level of the respective store as cash-generating unit. In this impairment test, the carrying amount of the cash-generating unit was compared with its recoverable amount. The recoverable amount was calculated as the fair value minus selling expenses, which is calculated from the discounted future cash flow using inputs for level 3 of the fair value hierarchy. The comparison of the carrying amounts of these cash-generating units with the recoverable amounts resulted in the impairment stated.

The stores for which impairment was recognized on property, plant and equipment due to sustained losses in previous years underwent a test in the reporting period to determine whether the reasons for the impairment had ceased to exist. In the past financial year 2022/23, this test did not result in the reversal of impairment losses. In the previous year, there was a reversal of impairment losses on property, plant and equipment of €1 million.

There were no restrictions on title in the form of liens or encumbrances for property, plant and equipment in neither financial year 2022/23 nor in the previous year.

Purchase obligations of €13 million (30/09/2022: €26 million) were concluded for property, plant and equipment.

21. RIGHT-OF-USE ASSETS

On conclusion of a contract, CECONOMY determines whether the contract is, or contains, a lease in accordance with IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A lease contract conveys the right to control the use of an identified asset if the lessee has the right to draw substantially all the economic benefits from using the asset throughout the period of use and to make decisions about the use of the identified asset during the lease term.

All stores in the Group are leased. These comprise land and buildings for the electronics stores as well as additional warehouse space. These real estate leases are generally concluded for a non-cancellable basic rental period of five years, but generally always include extension or termination options for reasons of operational flexibility. Some leases contain additional rent adjustments based on the development of the consumer price index. The lease conditions are agreed individually; there are leases with fixed lease payments as well as variable rental conditions depending on sales. Leases for movable assets largely relate to leased vehicles and IT equipment, as well as some leases for electronic shelf labels.

The carrying amounts of the right-of-use assets from leases developed as follows:

€ million	Real estate	Vehicle fleet	IT infrastructure	Business and office equipment	Total
Right-of-use assets as of 01/10/2021	**1,907**	**5**	**10**	**11**	**1,933**
Currency translation/indexing	11	0	0	0	11
Additions	496	1	1	0	498
Disposals	–90	0	0	0	–91
Depreciation and amortization/impairment	–506	–2	–5	–4	–516
Reversals of impairment losses	0	0	0	0	0
Right-of-use assets as of 30/09/2022	**1,819**	**3**	**6**	**8**	**1,835**

€ million	Real estate	Vehicle fleet	IT infrastructure	Business and office equipment	Total
Right-of-use assets as of 01/10/2022	**1,819**	**3**	**6**	**8**	**1,835**
Currency translation/indexing	4	0	0	0	4
Additions	411	0	0	0	412
Disposals	–82	0	0	0	–82
Depreciation and amortization/impairment	–489	–2	–4	–3	–498
Reversals of impairment losses	6	0	0	0	6
Right-of-use assets as of 30/09/2023	**1,668**	**1**	**1**	**5**	**1,676**

In addition to the depreciation, impairment and reversal of impairment losses and amortization/impairment and reversals of impairment losses, the following lease expenses were recognized in profit or loss for the period:

€ million	2021/22	2022/23
Interest expenses	22	47
Expenses for short-term leases accounted for in accordance with IFRS 16.6	3	3
Expenses for leases for low-value assets accounted for in accordance with IFRS 16.6	12	14
Expenses for variable lease payments	23	33
	61	**96**

Sustained losses and decisions to close stores resulted in impairment tests at the level of the respective store as cash-generating unit. In this impairment test, the carrying amount of the cash-generating unit was compared with its recoverable amount. The recoverable amount of the right-of-use asset for real estate was calculated on the basis of indexed benchmark rents for each store. In addition, the determined benchmark rents were discounted by an interest rate based on the respective current incremental borrowing rate over the remaining non-cancellable rental period. Store-related risk assessments and contract-specific circumstances were also included in the calculation. It is analysed whether the fair value of the right-of-use asset is reduced by other influences such as the contractual possibility of subletting, the quality of the location or other risks. These components are incorporated into a scoring model that can be used to deduce a discount on the recoverable benchmark rent.

The comparison of the carrying amounts of these cash-generating units with the recoverable amounts resulted in an impairment of €5 million (2021/22: €8 million) and a reversal requirement of €6 million in financial year 2022/23 (2021/22: €0 million).

In the past financial year 2022/23, the total cash outflow for leases amounted to €576 million (2021/22: €557 million).

Variable lease payments
As well as fixed lease payments, real estate leases for retail spaces can also or exclusively include sales-based lease payments. The expected future variable lease payments of sales-based rents amount to €50 million (2021/22: €77 million) over a planning period of three years.

Extension or termination options
Many real estate leases contain extension or termination options, which CECONOMY can in some cases exercise up to one year before the end of the non-cancellable lease term. Where possible, extension options are sought to be included in new leases in order to ensure operational flexibility. The options are used to limit the duration of the contract commitment as far as possible for individual contracts and thus to maximize operational flexibility regarding duration and the closure of stores. These options can usually be exercised only by CECONOMY and not by the lessor. At the commencement date, it is assessed whether the exercise of extension or termination options is reasonably certain.

↗ A description of the assessment of the probability that agreed extension and termination options will be exercised can be found in the notes to the Group accounting principles and methods.

It is reassessed whether the exercise of extension or termination options is reasonably certain upon the occurrence of either a significant event or a significant change in circumstances.

The potential future lease payments from contractual options that could be exercised before 30 September 2033 but are not recognized in the statement of financial position amount to €2,319 million (30/09/2022: €2,306 million). These unilateral options, which can only be exercised by CECONOMY, give the company more freedom in store decisions, but do not constitute a financial obligation as of the current closing date.

Future cash outflows from leases already concluded
As of 30 September 2023, there are future payment obligations of €1 million (30/09/2022: €18 million) for leases that had not yet commenced and were therefore not included in the measurement of lease liabilities.

As in the previous year, there are no lease payments from subleases that CECONOMY will receive from properties in the future and that are classified as finance leases.

Lease payments from subleases that are classified as operating leases and that CECONOMY will receive in the future amount to €4 million nominally (30/09/2022: €7 million).

They break down as follows:

€ million	30/09/2022	30/09/2023
Up to 1 year	2	2
1 to 2 years	2	2
2 to 3 years	2	1
3 to 4 years	1	0
4 to 5 years	0	0
Over 5 years	0	0
	7	**4**

22. FINANCIAL INVESTMENTS AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD INCLUDING THE EARNINGS SHARE OF OPERATING COMPANIES RECOGNIZED AT EQUITY

Financial assets

Financial assets of €123 million (30/09/2022: €115 million) were recognized as of 30 September 2023.

Financial assets include €81 million (30/09/2022: €101 million) in investments and €41 million (30/09/2022: €14 million) in loans.

In addition to the PJSC "M.video" investment, included in financial assets in the amount of €20 million as of 30 September 2023 (30/09/2022: €38 million), an approximately one per cent share in METRO AG amounting to €24 million (30/09/2022: €26 million) and a 6.61 per cent interest in METRO PROPERTIES GmbH & Co. KG of €35 million (30/09/2022: €35 million) are also recognized under financial assets.

The 15 per cent minority financial stake in PJSC "M.video" is measured at market value, with fluctuations in market value recognized through other comprehensive income. Because of the Russian war of aggression against Ukraine, a reliable level 1 market valuation of the 15 per cent interest using the share price determined in restricted trading on the Moscow stock exchange was no longer possible on the reporting date, so as of 31 March 2022 it was necessary to change the fair value hierarchy level from level 1 to level 3. The shares in PJSC "M.video" are also measured on the basis of a level 3 market valuation as of 30 September 2023, because on this date it was still assumed that a market value for the shares in PJSC "M.video" still could not be reliably derived from the stock market price on the Moscow stock exchange.

↗ The fair value hierarchy is described under note 34.6 Carrying amounts and fair values according to measurement categories. The level 3 market valuation of the PJSC "M.video" investment is also explained here.

With regard to the investment in METRO PROPERTIES GmbH & Co. KG, an expert was asked to provide a value indication on the basis of an outside-in analysis. No objective indications were identified that the recognition of the investment at €35 million was inappropriate. This assessment accounted for the sale of METRO Campus and especially the development of the real estate portfolio in Türkiye.

The approximately one per cent share held directly by CECONOMY AG in METRO AG was subject to a seven-year tax vesting period, meaning that it could not be sold without incurring negative tax consequences. However, the vesting period ended on 30 September 2023, so the described restriction no longer applies in financial year 2023/24. On 19 September 2016, CECONOMY AG and the current METRO AG entered into an option agreement on the remaining partnership interest in METRO PROPERTIES GmbH & Co. KG. In this agreement, CECONOMY AG grants the current METRO AG a call option and the current METRO AG grants CECONOMY AG a put option at the pro rata enterprise value at the exercise date with regard to this limited partnership share held by CECONOMY AG. Each of the options can be exercised only in certain time-frames of six months in each case. The call option can be exercised for the first time three years after the spin-off took effect. It was not utilized. The put option can be exercised for the first time seven years after the spin-off took effect, no earlier than 13 July 2024.

These investments are recognized at fair value through other comprehensive income in accordance with exercising the option. Information on other investments recognized at fair value through other comprehensive income is given in the following table.

€ million	Fair value as of 30/09/2022	Investment income recognized in 2021/22	Fair value as of 30/09/2023	Investment income recognized in 2022/23
METRO AG	26	0	24	0
PJSC "M.video"	38	11	20	0
METRO PROPERTIES GmbH & Co. KG	35	1	35	0
Others	2	0	2	0
Total	**101**	**13**	**81**	**0**

€–20 million (2021/22: €–165 million) was reported in other comprehensive income in financial year 2022/23.

Investments accounted for using the equity method including the earnings share of operating companies recognized at equity

As of 30 September 2023, investments accounted for using the equity method of €257 million were recognized (30/09/2022: €388 million). The investment in the associate Fnac Darty S.A. is a material investment accounted for using the equity method, which is recognized in CECONOMY's consolidated financial statements as of 30 September 2023 at a value of €250 million (30 September 2022: €388 million). In addition, a 20 per cent minority stake in Power Retail Sweden AB has been included in CECONOMY's consolidated financial statements using the equity method since 1 August 2023. This minority stake, in addition to the formally agreed purchase price, is part of the consideration that CECONOMY received for selling the MediaMarkt business in Sweden to Power Retail Sweden AB. As of 30 September 2023, this investment is recognized in the amount of €7 million.

Fnac Darty S.A., a leading French retailer for consumer electronics and household appliances, is classified as an associate within the meaning of IAS 28 and is included in CECONOMY's consolidated financial statements using the equity method. The shareholding as of 30 September 2023 was 23.41 per cent (30/09/2022: 24.20 per cent).

As a result of the subsequent measurement of the investment in Fnac Darty S.A. accounted for using the equity method, a loss of €50 million was recognized in EBIT in financial year 2022/23 (2021/22: income of €26 million). As in the previous year, the income from the subsequent measurement of the investment in Fnac Darty S.A. accounted for using the equity method in financial year 2022/23 comprises the pro rata net income recognized through profit or loss of €–35 million (2021/22: €30 million), effects from the change in the equity interest of €–13 million (2021/22: €–2 million) and write-downs on hidden reserves less deferred taxes of €–3 million (2021/22: €–3 million). Fnac Darty S.A. publishes information on profit or loss for the period only for the second and fourth quarters of a calendar year, with this information being the basis for the subsequent measurement of the investment accounted for using the equity method.

€1 million (2021/22: €7 million) was recognized in other comprehensive income in financial year 2022/23. Other items recognized directly in retained earnings in financial year 2022/23 came to €1 million (2021/22: €–2 million).

In financial year 2022/23, a dividend of €9 million (2021/22: €13 million) was also recognized in cash.

As of 30 September 2023, there was objective evidence indicating potential impairment of the investment in Fnac Darty S.A. In addition to the macroeconomic and geopolitical risks, which also affect Fnac Darty S.A.'s business environment, it was the performance of the Fnac Darty S.A. share price in particular that suggested impairment. As a result, an expert was commissioned to provide a value indication based on a discounted cash flow (DCF) method. Taking account of alternative measurement methods used to verify the DCF results, the recoverable amount of the investment in Fnac Darty S.A. was thus found to be €250 million. This resulted in the recognition of impairment of €82 million in financial year 2022/23 (2021/22: €56 million).

Reconciliation of financial market information for Fnac Darty S.A. to the carrying amount of the investment

€ million	30/09/2022	30/09/2023
Net assets 100%[1]	1,524	1,355
CECONOMY's share in net assets	369	317
Impairment on the carrying amount of the investment	–56	–82
Reversal of impairment on the carrying amount of the investment	0	0
Adjusted goodwill from purchase price allocation	75	15
Carrying amount of the investment	**388**	**250**

[1] Derived from the interim financial report as of 30/06/2022 and the interim financial report as of 30/06/2023

The following table provides information about Fnac Darty S.A.:

€ million		Fnac Darty S.A.
	30/09/2022	30/09/2023
Size of share (in %)	24.20	23.41
Pro rata stock market value	185	151
Carrying amount	388	250
Disclosures on the income statement	**H1 2022[1]**	**H1 2023[2]**
Sales	3,428	3,344
Post-tax earnings from continuing operations	−17	−163
Post-tax earnings from discontinued operations	0	29
Other comprehensive income	28	−2
Total comprehensive income	11	−136
Dividends paid to the Group	13	9
Disclosures on the statement of financial position	**30/06/2022[1]**	**30/06/2023[2]**
Non-current assets	3,918	3,879
Current assets	1,979	2,116
Non-current liabilities	2,120	2,067
Current liabilities	2,253	2,573

[1] Information according to the interim financial report as of 30/06/2022 for the period 01/01/2022–30/06/2022
[2] Information according to the interim financial report as of 30/06/2023 for the period 01/01/2023–30/06/2023

The minority stake in Power Retail Sweden AB, which has been accounted for using the equity method since 1 August 2023, was initially measured at cost and thus at its fair value of €8 million. As a result of the application of the equity method to this minority stake, a pro rata loss of €0 million was recognized for the period from 1 August 2023 to 31 August 2023. The pro rata loss recognition is based on unpublished financial information from Power Retail Sweden AB. No financial information was available for the month of September 2023, including in the period between the closing date and the date of preparation of the consolidated financial statements, so the value measured using the equity method was not remeasured as of 30 September.

23. RECEIVABLES DUE FROM SUPPLIERS, OTHER FINANCIAL ASSETS AND OTHER ASSETS

	30/09/2022			30/09/2023		
		Remaining term			Remaining term	
€ million	Total	Up to 1 year	Over 1 year	Total	Up to 1 year	Over 1 year
Receivables due from suppliers	**1,296**	**1,296**	**0**	**1,207**	**1,207**	**0**
Securities	0	0	0	0	0	0
Miscellaneous financial assets	144	142	2	125	123	2
Other financial assets	**144**	**142**	**2**	**125**	**123**	**2**
Other entitlements to tax refunds	103	103	0	106	106	0
Prepaid expenses and deferred charges	64	59	5	56	53	3
Miscellaneous other assets	2	2	0	5	5	0
Other assets	**169**	**163**	**5**	**166**	**163**	**3**

Receivables due from suppliers in the amount of €1,207 million (30/09/2022: €1,296 million) essentially include invoiced receivables and accruals for subsequent supplier compensation, such as staggered bonuses based on the calendar year, which depend on expected purchasing volumes, and advertising subsidies.

Miscellaneous financial assets decreased to €125 million (30/09/2022: €144 million). Refund claims against a bank from the sale of receivables in the mobile communications area are a key component of miscellaneous financial assets.

Other entitlements to tax refunds include input taxes that cannot yet be offset of €50 million (30/09/2022: €55 million), entitlements to VAT refunds of €49 million (30/09/2022: €38 million) and other entitlements to tax refunds of €7 million (30/09/2022: €10 million).

Prepaid expenses include accrued rent, lease and interest prepayments and other deferred assets.

24. DEFERRED TAX ASSETS/DEFERRED TAX LIABILITIES

Deferred tax assets on loss carry-forwards and temporary differences before offsetting were recognized at €467 million (30/09/2022: €381 million), representing a rise of €86 million against the figure as of 30 September 2022. In financial year 2022/23, CECONOMY AG recognized deferred taxes on temporary differences of €207 million between the carrying amounts stated in the consolidated financial statements and the tax bases of assets and liabilities. Deferred tax assets were also recognized on loss and interest carry-forwards of €260 million. The chain of profit and loss transfer agreements was completed for the first time in financial year 2021/22 as a result of the Convergenta transaction. Thanks to the fiscal entity for income tax purposes now in place, taxable income of the Media-Saturn Group can be transferred to CECONOMY AG and offset against the tax loss carry-forwards and temporary differences. In this context and given the positive development of business planning, additional deferred tax assets on loss carry-forwards of €47 million and temporary differences of €22 million were recognized at the level of CECONOMY AG in financial year 2022/23. The application of IAS 29 reduced deferred tax assets by €14 million.

Deferred tax liabilities before offsetting came to €168 million (30/09/2022: €143 million) and increased by €24 million in comparison to 30 September 2022. Deferred tax assets and liabilities are offset within each company or tax group. After offsetting, €368 million in deferred tax assets and €69 million in deferred tax liabilities were recognized as of the closing date.

Deferred taxes relate to the following balance sheet items:

	30/09/2022		30/09/2023	
€ million	Assets	Liabilities	Assets	Liabilities
Goodwill	0	3	0	3
Other intangible assets	26	23	41	5
Property, plant and equipment	6	16	5	59
Inventories	27	3	25	1
Receivables and other assets	27	55	22	48
Provisions for pensions and similar obligations	30	6	30	7
Other provisions	9	9	21	12
Borrowings	41	13	58	10
Other financial and non-financial liabilities	21	14	23	22
Outside basis differences	0	1	0	1
Write-downs of temporary differences	−23	0	−18	0
Loss carry-forwards	216	0	260	0
Subtotal before offsetting	**381**	**143**	**467**	**168**
Offsetting	−79	−79	−99	−99
Carrying amount of deferred taxes	**302**	**65**	**368**	**69**

The table below shows the loss and interest carry-forwards in the Group as a whole:

€ million	30/09/2022	30/09/2023
Corporate tax losses	2,563	2,096
Trade tax losses	2,160	2,063
Interest carry-forwards/other carry-forwards	154	97

€1,590 million (30/09/2022: €1,615 million) of corporate income tax loss carry-forwards as of 30 September 2023 is attributable to German companies and €505 million (30/09/2022: €948 million) to foreign companies. The decline in loss carry-forwards mails relates to the transaction of the Swedish country organization. Trade tax loss carry-forwards include €122 million (30/09/2022: €144 million) of loss carry-forwards relating to local taxation of companies outside Germany.

In addition to the interest carry-forward of €64 million (30/09/2022: €118 million), a carry-forward item within the meaning of Sec. 4f of the German Income Tax Act (EStG) arose in financial year 2017/18 in connection with the disposal of certain pension obligations. This item is reversed over 15 years and totalled €33 million (30/09/2022: €37 million) as of 30 September 2023.

With regard to the loss and interest carry-forwards and temporary differences in the Group as a whole (see table above), no deferred tax assets are recognized on the basis of a current five-year plan in the following amounts, as it is unlikely that the claims will be realized in the short to medium term:

€ million	30/09/2022	30/09/2023
Corporate tax losses	1,918	1,213
Trade tax losses	1,580	1,325
Interest carry-forwards/other carry-forwards	37	33
Temporary differences	113	83

In accordance with IAS 12 (Income Taxes), deferred tax liabilities are to be recognized for the difference between the pro rata equity of a subsidiary recognized in the consolidated statement of financial position and the carrying amount of the investment for this subsidiary on the parent company's tax balance sheet (known as outside basis differences), if realization is expected. These differences are chiefly the result of retained earnings of German and foreign subsidiaries. No deferred taxes were calculated on these retained earnings because they are reinvested indefinitely or are not subject to taxation. Dividend taxation would have to be paid on any dividends from subsidiary corporations. In addition, dividends from countries outside Germany could trigger a withholding tax. As of 30 September 2023, €1 million (30/09/2022: €1 million) was recognized in deferred tax liabilities from outside basis differences for planned dividend payments.

The table below shows the tax effects on components of other comprehensive income:

	2021/22			2022/23		
€ million	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes
Currency translation differences from translating the financial statements of foreign operations	44	0	44	−65	2	−63
thereof currency translation differences from net investments in foreign operations	(0)	(0)	(0)	(−6)	(2)	(−4)
Gains/losses on remeasuring financial instruments measured at fair value through other comprehensive income	−165	0	−165	−20	0	−20
Remeasurement of defined benefit pension plans	89	40	129	−13	9	−4
Subsequent measurement of associates/joint ventures accounted for using the equity method	7	0	7	1	0	1
	−25	**40**	**15**	**−97**	**11**	**−86**

25. INVENTORIES

Inventories decreased by €258 million from €3,176 million to €2,918 million. The decrease was mainly attributable to the DACH segment at €297 million.

Inventories contain impairments of €73 million (30/09/2022: €154 million).

CECONOMY's inventories are subject to retentions of title customary under industry standards.

Assets in connection with right of return are recognized under inventories in the amount of €15 million (30/09/2022: €15 million).

26. TRADE RECEIVABLES AND SIMILAR CLAIMS

€ million	30/09/2022	30/09/2023
Trade receivables	219	210
Contract assets	221	280
Trade receivables and similar claims	**440**	**490**
thereof remaining term ≤12 months	(329)	(358)
thereof remaining term > 12 months	(110)	(132)

Contract assets of €280 million (30/09/2022: €221 million) primarily represent commission claims from mobile communications providers. This increase is mainly due to the business of brokering contracts, such as mobile phone contracts and insurance policies. As soon as the claim arising from a contract asset is substantiated, it is transferred to trade receivables.

The item Trade receivables and similar claims recognized under current assets includes items with a remaining term of over one year in the amount of €132 million (30/09/2022: €110 million), which result primarily from claims from mobile communications providers.

Both trade receivables and contract assets contain continuing involvements from factoring programmes.

As part of the revolving sale of receivables from the Swiss customer financing programme, PayRed Card Services AG guarantees to service a limited number of customer defaults. A continuing involvement in the amount of the nominal volume of the default guarantees provided of €15 million (30/09/2022: €16 million) was recognized as a liability, and the customer receivables in the same amount were not fully derecognized. As of 30 September 2023, the carrying amount of the original asset was €90 million (30/09/2022: €99 million).

The risk that a high default on receivables from Swiss customer receivables that have already been sold will impact CECONOMY's earnings is limited to the cumulative nominal volume of the default guarantee. Opportunities are presented by a low default rate leading to low utilization of the default guarantees.

There are no restrictions regarding the transferred assets.

Revolving commission receivables due from contract partners in the mobile communications area were sold as part of two further factoring programmes. Here, CECONOMY provides guarantees for partial defaults by the end customer of up to a maximum of €59 million (30/09/2022: €50 million). Thus, a continuing involvement was recognized as a liability and the customer receivables in the same amount were not fully derecognized. The carrying amount of the original asset as of 30 September 2023 was €168 million (30/09/2022: €156 million).

The risk that a high default on receivables from receivables that have already been sold will impact CECONOMY's earnings is limited to the cumulative nominal volume of the default guarantee. This risk is accounted for in the form of a provision of €12 million (30/09/2022: €7 million). Opportunities are presented by a low default rate leading to low utilization of the default guarantees.

There are no restrictions regarding the transferred assets.

27. ASSETS HELD FOR SALE/LIABILITIES RELATED TO ASSETS HELD FOR SALE

As of 30 September 2023, no amounts are recognized as assets held for sale or as liabilities related to assets held for sale. The development of the item is explained below with regard to events occurring in the course of the financial year.

Sale of the Swedish MediaMarkt business
On 14 February 2023, CECONOMY AG announced that CECONOMY and the North European electronics retailer Power International AS ("Power") had concluded an agreement regarding a strategic transaction and a joint future for the Swedish business. Power Retail Sweden, a wholly owned subsidiary of Power, intended to acquire 100 per cent of MediaMarkt Sweden. In return, CECONOMY would receive a minority stake of 20 per cent in Power Sweden.

From the date the disposal was announced, the MediaMarkt Sweden business was classified as a disposal group in accordance with IFRS 5. Taking into account the consolidation of all items in the consolidated statement of financial position as of 31 March 2023, the assets and liabilities were recognized in the item "assets held for sale" at €61 million and in the item "liabilities related to assets held for sale" at €99 million, respectively.

The transaction for the MediaMarkt Sweden business was completed on schedule as of 1 August 2023.

The assets and liabilities held for sale from the Swedish MediaMarkt business, which were disposed of as a result of the deconsolidation on 1 August 2023, comprise the following items:

€ million	01/08/2023
Non-current assets	**1**
Right-of-use assets	1
Current assets	**99**
Inventories	21
Trade receivables and similar claims	4
Receivables due from suppliers	6
Other assets	3
Cash and cash equivalents	64
Assets	**100**
Non-current liabilities	**16**
Borrowings	16
Current liabilities	**84**
Trade liabilities and similar liabilities	62
Provisions	1
Borrowings	7
Other financial liabilities	9
Other liabilities	5
Equity and liabilities	**100**

The deconsolidation result arising in connection with the disposal amounts to €72 million and is recognized in EBIT at €–4 million and in the net financial result at €76 million. The EBIT comprises the addition of the 20 per cent interest accounted for using the equity method in the amount of the pro rata fair value of €8 million, the disposal of assets and liabilities in accordance with the above presentation of the disposal balance sheet of €0 million and, with the opposite effect, the negative purchase price of €7 million and a risk provision of around €5 million and is recognized in other operating expenses. The effects of other comprehensive income from assets and liabilities held for sale included in CECONOMY's equity include an amount of €76 million for components from currency translation differences of foreign subsidiaries previously recognized in equity through other comprehensive income, which were reversed through profit or loss and recognized in other financial result because of the deconsolidation.

In addition, an impairment loss of €65 million was recognized in accordance with IFRS 5. For the disposal group, the underlying fair value less cost to sell was lower than the carrying amount of the assets and liabilities held for sale. This resulted in an impairment loss of the above amount at the date of reclassification.

From the date of first-time reclassification to the date of deconsolidation, depreciation of the affected non-current assets of €4 million was suspended.

Sale of the Portuguese MediaMarkt business
On 20 April 2023, CECONOMY AG announced the conclusion of an agreement concerning the sale of MediaMarktSaturn's Portugal business with the French consumer electronics retailer Fnac Darty S.A. ("Fnac Darty"). Fnac Darty Portugal, a wholly owned subsidiary of Fnac Darty, was to acquire 100 per cent of MediaMarkt Portugal including the ten store locations, the online business and the roughly 450 employees. The closing of the deal was initially dependent on the approval of the relevant competition authorities and took place on 30 September 2023.

From the date the disposal was announced, the MediaMarkt Portugal business was classified as a disposal group in accordance with IFRS 5. Taking into account the consolidation of all items in the consolidated statement of financial position as of 30 June 2023, the assets and liabilities were recognized in the item "assets held for sale" at €52 million and in the item "liabilities related to assets held for sale" at €48 million, respectively.

The assets and liabilities held for sale that were disposed of as a result of the deconsolidation of the business in Portugal comprise the following items:

€ million	30/09/2023
Non-current assets	**16**
Property, plant and equipment	3
Right-of-use assets	12
Current assets	**130**
Inventories	19
Trade receivables and similar claims	5
Receivables due from suppliers	8
Other assets	1
Income tax assets	2
Cash and cash equivalents	95
Assets	**146**
Non-current liabilities	**72**
Borrowings	7
Other financial liabilities	65
Current liabilities	**82**
Trade liabilities and similar liabilities	39
Borrowings	4
Other financial liabilities	38
Equity and liabilities	**154**

From the date of first-time reclassification to the date of deconsolidation, depreciation of the affected non-current assets of €2 million was suspended. The positive deconsolidation result arising in connection with the disposal amounts to €21 million and was recognized in EBIT in the Western/Southern Europe segment under other operating income.

The purchase agreement provides for a pro rata variable purchase price payment, for which, in light of uncertainties regarding the realization of this purchase price component, a receivable of €3 million was recognized as of 30 September 2023.

28. EQUITY

The share capital has not changed in terms of amount and composition compared to 30 September 2022 and amounts to €1,240,448,004.17. It is divided as follows:

No-par value bearer shares, pro rate value per share in the share capital approx. €2.56		30/09/2022	30/09/2023
	Number	485,221,084	485,221,084
Ordinary shares	€ approx.	1,240,448,004	1,240,448,004
Total shares	**Number**	**485,221,084**	**485,221,084**
Total share capital	**€ approx.**	**1,240,448,004**	**1,240,448,004**

Each ordinary share carries one vote.

Authorized capital

The General Meeting held on 12 April 2022 authorized the Management Board, with the approval of the Supervisory Board, to increase the company's share capital on one or more occasions until 11 April 2027 up to a maximum of €321,600,000 by issuing new ordinary bearer shares in exchange for contributions in cash and/or in kind (Authorized Capital 2022/I).

The General Meeting held on 12 April 2022 further authorized the Management Board, with the approval of the Supervisory Board, to increase the company's share capital on one or more occasions until 11 April 2027 up to a maximum of €112,560,000 by issuing new ordinary bearer shares in exchange for contributions in cash and/or in kind (Authorized Capital 2022/II).

The Management Board is authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in certain, pre-defined cases. Authorized Capital 2022/I and Authorized Capital 2022/II have not yet been utilized.

Contingent capital
The General Meeting held on 12 April 2022 resolved to contingently increase share capital by up to €89,476,079.21, divided into up to 35,000,000 no-par value ordinary bearer shares (Contingent Capital 2022/I). This contingent capital increase relates to the issuing of convertible bonds with a total nominal amount of €151,000,000, divided into 1,510 equal bearer partial bonds with a nominal amount of €100,000 ("convertible bonds"), in exchange for contributions in kind and serves exclusively to grant shares to the holders of convertible bonds. The convertible bonds grant their holders conversion rights to an initial total of up to 27,859,778 no-par value ordinary bearer shares in CECONOMY AG, each with a pro rata amount of the share capital of round €2.56 ("conversion share"). Statutory subscription right for shareholders were excluded. All convertible bonds were issued to Convergenta Invest GmbH.

The General Meeting held on 12 April 2022 also resolved to contingently increase share capital by up to €127,825,000, divided into up to 50,000,000 ordinary bearer shares (Contingent Capital 2022/II). This contingent capital increase relates to a Management Board authorization, with the approval of the Supervisory Board, to issue bearer warrant or convertible bonds (jointly "bonds") on one or more occasions until 11 April 2027 in a total nominal amount of up to €1,000,000,000, and to grant or impose warrant rights or obligations on the holders of warrant bonds and conversion rights or obligations on the holders of convertible bonds for the ordinary bearer shares of CECONOMY AG with a pro rata amount of the share capital totalling up to €127,825,000, in accordance with the terms and conditions of the respective warrant or convertible bond, or to grant CECONOMY AG the right to grant ordinary shares in CECONOMY AG or another listed company in full or in part instead of repaying the bonds in cash. The Management Board is authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in certain, pre-defined cases. No warrant and/or convertible bonds have yet been issued on the basis of the authorization described above.

The General Meeting held on 12 April 2022 further resolved to contingently increase share capital by up to €44,738,750, divided into up to 17,500,000 ordinary bearer shares (Contingent Capital 2022/III). This contingent capital increase relates to a Management Board authorization, with the approval of the Supervisory Board, to issue bearer warrant or convertible bonds (jointly "bonds") on one or more occasions until 11 April 2027 in a total nominal amount of up to €350,000,000, and to grant or impose warrant rights or obligations on the holders of warrant bonds and conversion rights or obligations on the holders of convertible bonds for the ordinary bearer shares of CECONOMY AG with a pro rata amount of the share capital totalling up to €44,738,750, in accordance with the terms and conditions of the respective warrant or convertible bond, or to grant CECONOMY AG the right to grant ordinary shares in CECONOMY AG or another listed company in full or in part instead of repaying the bonds in cash. The Management Board is authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in certain, pre-defined cases. No warrant and/or convertible bonds have yet been issued on the basis of the authorization described above.

Acquisition of treasury shares
On the basis of Sec. 71 para. 1 no. 8 AktG, the General Meeting held on 12 April 2022 authorized the company to purchase treasury shares of any share class until 11 April 2027 that represent a total of no more than ten per cent of the share capital at the time this authorization becomes effective or – if this value is lower – of the share capital at the time such authorization is exercised. This authorization has not yet been exercised by the company or by an independent business or a business in which the company holds a majority interest, or by another business acting on behalf of the company or on behalf of an independent business or a business in which the company holds a majority interest.

↗ Further information on Authorized Capital, Contingent Capital and the authorization to issue warrant and/or convertible bonds and to purchase treasury shares can be found in the combined management report – Disclosures pursuant to Sec. 315a sentence 1 and Sec. 289a sentence 1 of the German Commercial Code and explanatory report by the Management Board.

Capital reserve
The capital reserve amounts to €389 million (30/09/2022: €389 million).

Reserves retained from earnings
Reserves retained from earnings include cumulative other comprehensive income and other reserves retained from earnings.

€ million	30/09/2022	30/09/2023
Gains/losses on remeasuring financial instruments measured at fair value through other comprehensive income	−140	−160
Currency translation differences from translating the financial statements of foreign operations	22	−43
Remeasurement of defined benefit pension plans	−203	−216
Subsequent measurement of associates/joint ventures accounted for using the equity method	−81	−211
Income tax attributable to items of other comprehensive income	43	54
Other reserves retained from earnings	−679	−589
	−1,039	**−1,166**

The decline in reserves retained from earnings of €127 million resulted primarily from the negative profit or loss for the period of €37 million in financial year 2022/23 and the negative other comprehensive income of €86 million. The profit or loss for the period was negatively affected primarily by the impairment of €82 million (2021/22: €56 million) and by expenses from the subsequent measurement of the investment in Fnac Darty S.A. accounted for using the equity method of €50 million (2021/22: income of €26 million). The positive cumulative currency effects from translating the financial statements of foreign operations, which were derecognized in connection with the deconsolidation of the Sweden business, increased the profit or loss for the period by €76 million and resulted in a contrasting deterioration in other comprehensive income of the same amount.

The changes in the gains/losses on remeasuring financial instruments measured at fair value through other comprehensive income of €−20 million (2021/22: €−137 million) related in the past financial year 2022/23 to the subsequent measurements of the PJSC "M.video" investment of €−18 million (2021/22: €−122 million) and the METRO AG investment of €−2 million (2021/22: €−15 million).

Distributions amounted to €2 million in financial year 2022/23 (2021/22: €64 million). At €63 million, the figure for financial year 2021/22 mainly resulted from dividend payments.

↗ An overview of the tax effects on components of other comprehensive income can be found under note 24 Deferred tax assets/deferred tax liabilities.

Non-controlling interests

Non-controlling interests include third-party interests in the equity of consolidated subsidiaries and were unchanged at €2 million as of 30 September 2023 (30/09/2022: €2 million).

There were no material non-controlling interests as of 30 September 2023.

Appropriation of the balance sheet profit, dividend

The dividend distribution of CECONOMY AG is based on the annual financial statements of CECONOMY AG in accordance with German commercial law.

CECONOMY AG's annual financial statements as of 30 September 2023 prepared in accordance with the provisions of the German Commercial Code reports balance sheet profit of €139 million for financial year 2022/23, of which €74 million is attributable to retained earnings. In accordance with the provisions of Sec. 253 para. 6 HGB and Sec. 268 para. 8 HGB, the balance sheet profit is fully barred from distribution. The restriction on distribution of €288 million primarily results from the recognition of deferred tax assets through profit or loss of €287 million, of which €88 million relate to financial year 2022/23 and €199 million to financial year 2021/22.

The Management Board and the Supervisory Board therefore propose that the balance sheet profit of €139 million recognized as of 30 September in financial year 2022/23 be carried forward to new account.

29. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Provisions for pensions and similar obligations are recognized in accordance with IAS 19 (Employee Benefits).

Provisions for pensions and similar obligations include obligations that mostly relate to benefits from provisions for post-employment benefit plans. These are defined benefit claims from direct commitments (employer's commitments) and from external pension providers (benevolent funds in Germany and pension funds or insurance companies outside Germany). The external provider's assets serve exclusively to finance pension claims and quality as plan assets. In accordance with the respective benefit plans, pension benefits are based on income and length of employment. Pension benefits based on the length of employment at the company are granted on the basis of fixed amounts.

The most important defined benefit pension plans are described below:

- CECONOMY provides many of its employees in **Germany** with commitments for retirement, disability and surviving dependants' benefits. New commitments are granted in the form of defined benefit commitments within the meaning of IAS 19 (contribution-oriented commitments pursuant to German company pension law), which include payment contribution and employer-matching components. The contributions are paid into a pension liability policy, which provides the benefits due in the event of entitlement. A provision is recognized for claims not covered by the pension liability policy.

- In addition, there are also various pension plans that can no longer be taken out that generally provide for life-time pensions from retirement or from the time of a recognized disability. Benefits are for the most part defined as a fixed amount or as an annual increase. In special cases, benefits are calculated taking into account statutory pensions. These commitments provide for widows' benefits at varying levels depending on the benefit that the former employee received or would have received in the case of disability. The old commitments are partially funded by assets held in benevolent funds. Parts not funded by assets are funded by provisions. The bodies (Management Board, General Meeting and Advisory Board) of the benevolent funds are composed of both employer representatives and representatives of the beneficiaries. The Management Board is responsible for deciding on the use of funds and investments. It can engage third parties to manage the fund assets. There are no statutory minimum funding requirements. In the event that agreed benefits cannot be provided from the benevolent fund's assets, the employer must provide these benefits directly.

  In financial year 2018/2019, CECONOMY hived down a significant portion of the existing pension obligations to former employees to a separate company in line with the German Transformation Act. It subsequently sold this company. Due to the continuing liability under the German Transformation Act, the benefits due in the first ten years after the hive-down continue to be recognized by CECONOMY. The assets of the company exclusively for covering the pension obligations are counted towards CECONOMY's plan assets. The value of the assets covers the obligations. In addition, there is a bank guarantee for the continuing liability that would take effect in the event of any payment obligations. Therefore, the asset value was recognized at the amount of the obligations.

- In **Switzerland**, the Federal Law on Occupational Old-Age, Survivors' and Disability Benefit Plans (BVG) legally requires the employer to insure employees in a benefit plan. The statutory minimum benefits set out a defined pension plan with a guaranteed interest rate. The BVG also sets minimum contributions. Contributions are paid into a pension fund as a percentage of the pensionable salary and converted into retirement benefits upon retirement using conversion rates. The retirement plans are available to new employees. The pension fund takes the legal form of a foundation. Pension plans in Switzerland are recognized as defined benefit plans. In addition to statutory minimum entitlements, CECONOMY also grants employees in Switzerland additional pension commitments.

- Further pension schemes are recognized as a total under **Other countries**.

The following table gives an overview of the percentage breakdown of the present value of defined benefit obligations for CECONOMY countries with material obligations:

%	30/09/2022	30/09/2023
Germany	82	82
Switzerland	14	15
Other countries	4	3
	100	**100**

CECONOMY's plan assets are split in percentage terms between the following countries:

%	30/09/2022	30/09/2023
Germany	56	57
Switzerland	44	43
Other countries	0	0
	100	**100**

The obligations stated are measured on the basis of actuarial calculations in accordance with the relevant IAS 19 principles. Measurements are based on the legal, economic and tax situation in each country.

The average assumptions for the key parameters shown below were based on measurements calculated on the basis of actuarial calculations.

	30/09/2022			30/09/2023		
%	Germany	Switzerland	Other countries	Germany	Switzerland	Other countries
Actuarial interest rate	2.60–3.90	1.85	3.37	4.10–4.40	1.95	5.22
Pension trend	2.00	0.00	n/a	2.20	0.00	n/a

The present value of defined benefit obligations for the material share of the obligation in Germany (CECONOMY AG and CECONOMY Retail GmbH) is measured using an actuarial interest rate of 4.40 per cent. This rate is determined on the basis of the yield on premium corporate bonds and the term of the underlying obligations. A standardized actuarial interest rate of 4.10 per cent is applied for the MediaMarktSaturn Retail Group companies in the eurozone (Germany, Austria and Italy). This rate is based on the corresponding average duration of the obligations in these countries. For countries without a liquid market to set interest rates of suitable corporate bonds, yields on government bonds were used as a reference when setting the actuarial interest rate instead.

As well as the actuarial interest rate, the pension trend represents another key actuarial parameter. The rate of pension growth in Germany is based on inflation, to the extent that pension adjustments are to be determined with the rise in costs of living. As well as the long-term pension trend of 2.2 per cent, a one-off pension trend of 17.8 per cent was taken into account for increases due in 2024 and a one-off pension trend of 15.6 per cent for increases due in 2025 when measuring the present value of the pension entitlement. This reflects the high rate of inflation in recent years and the resulting significant increase in the cost of living in Germany. At the foreign companies, the plan includes a capital payment or it is assumed that current pensions will not be increased.

Calculations of the mortality rate for the German Group companies are based on Professor Klaus Heubeck's 2018G mortality tables. Measurements on the basis of actuarial calculations for outside Germany are based on country-specific mortality tables.

The other parameters used when measuring pension obligations correspond to CECONOMY's long-term expectations.

A sensitivity analysis is shown below for the material measurement parameters regarding the present value of defined benefit obligations. The actuarial interest rate and the inflation rate were identified as material parameters for the present value of defined benefit obligations. The sensitivity analysis used the same methods as in the previous year. Changes to the parameters that are considered reasonably possible were taken into consideration. The sensitivity analysis does not include stress tests or worst-case scenarios. The range of potential parameter changes was selected based on past observations over a number of years. The fact that potential future developments were inferred almost exclusively on the basis of past figures represents a methodological limitation.

The impact on the present value of defined benefit obligations of the actuarial interest rate increasing/decreasing by 100 basis points or the inflation rate increasing/decreasing by 25 basis points is shown below:

		30/09/2022			30/09/2023		
€ million		Germany	Switzerland	Other countries	Germany	Switzerland	Other countries
Actuarial interest rate	Increase by 100 basis points	−26.90	−5.90	−1.90	−21.20	−5.60	−1.50
	Decline by 100 basis points	29.00	9.10	2.20	23.90	7.40	1.70
Pension trend	Increase by 25 basis points	6.80	1.30	0.00	4.10	1.30	0.00
	Decline by 25 basis points	−6.60	0.00	0.00	−4.00	0.00	0.00

The influence of changes in employee turnover and mortality assumptions was analysed for the material plans. The resulting effects from an increase in life expectancy by one year amount to around four per cent to five per cent of the total obligation for plans that grant lifelong benefits. The resulting effects from employee turnover assumptions were assessed as immaterial and were not shown separately.

CECONOMY is exposed to various risks as a result of its commitments to defined benefit pension claims. These risks include general actuarial risks on the basis of measuring the pension obligation (such as interest rate, inflation and longevity risks) and capital and investment risks for the plan assets.

With regard to financing future pension payments from indirect commitments and stable policy reserves, CECONOMY invests plan assets mostly in low-risk types of investment. Financing for direct pension commitments is secured by CECONOMY’s operating cash flow.

The percentage breakdown of the fair value of plan assets among the individual asset categories is as follows:

	30/09/2022		30/09/2023	
	%	€ million	%	€ million
Fixed-interest securities	17	38	16	34
Shares, funds	15	33	14	29
Real estate	25	57	27	57
Other assets	43	98	43	92
	100	**227**	**100**	**212**

Fixed-interest securities, shares and funds are regularly traded on active markets. Market prices are thus available. Within the “fixed-interest securities” asset category, investments are made only in investment grade corporate bonds, government bonds and German covered bonds. Geographical diversification minimizes the risk in the “shares and funds” category.

Other assets essentially include receivables from insurance companies in Germany. These are top insurance companies. Real estate assets and insured benefits are not traded on an active market.

The actual gain on plan assets came to €15 million in the reporting period (2021/22: €2 million).

For financial year 2023/24, employer payments to external pension providers of €3 million and employee contributions of €3 million to plan assets are expected, with these contributions attributable to contribution payments in Switzerland and Germany. The expected benefit payments of the next ten years break down as follows:

€ million	
Benefit payments 2022/23	54
Benefit payments 2023/24	51
Benefit payments 2024/25	49
Benefit payments 2025/26	46
Benefit payments 2026/27	43
Benefit payments 2027/2028–2031/2032	160

The changes in the present value of defined benefit obligations are as follows:

€ million	2021/22	2022/23
Present value of defined benefit obligations		
At beginning of period	651	515
Recognized through profit or loss	**8**	**20**
Interest expenses	5	17
Current service cost	3	2
Past service cost (incl. curtailments and amendments)	0	0
Income from settlement	0	1
Recognized through other comprehensive income under "remeasurement of defined benefit pension plans"	**−103**	**32**
Actuarial gains/losses from change		
in demographic assumptions (−/+)	0	0
in financial assumptions (−/+)	−98	8
due to experience adjustments (−/+)	−5	24
Other effects	**−42**	**−72**
Benefit payments (incl. tax payment)	−54	−55
Contributions from plan participants	3	3
Change in consolidation group/transfers	0	−18
Currency effects	9	−2
At end of period	**515**	**495**

Overall, changes in actuarial parameters resulted in an increase in the present value of defined benefit obligations of €8 million (2021/22: reduction of €98 million). The effects mostly resulted from the increase in the expected rise in ongoing benefits compensated for by the increase in the actuarial interest rates used. The first-time recognition of the obligations to be recognized as a result of continuing liability is the main driver of the experience losses of €24 million (2021/22: experience gains of €5 million), which are compensated for by a mirrored effect in plan assets, which is recognized under gains/losses on plan assets not including return on plan assets. Obligations to former employees who left CECONOMY as part of a hive-down, which were previously recognized in pension obligations, resulted in a decline in the present value of defined benefit obligations by €18 million and a corresponding addition to other provisions.

The weighted average duration of defined benefit obligation for the countries with material pension obligations was:

Years	30/09/2022	30/09/2023
Germany	7	6
Switzerland	10	12
Other countries	11	11

The present value of defined benefit obligations is allocated to the individual groups of beneficiaries as follows:

%	30/09/2022	30/09/2023
Active members	14	14
Former claimants	10	9
Pensioners	76	77

The fair value of plan assets developed as follows:

€ million	2021/22	2022/23
Change in plan assets		
Fair value of plan assets as of beginning of period	219	227
Recognized through profit or loss	**1**	**6**
Interest income	1	6
Recognized through other comprehensive income under "remeasurement of defined benefit pension plans"	**1**	**9**
Gains/losses on plan assets not including return on plan assets (+/−)	1	9
Other effects	**6**	**−30**
Benefit payments (incl. tax payment)	−34	−35
Settlement payments	0	0
Employer contributions	25	3
Contributions from plan participants	3	3
Change in consolidation group/transfers	0	0
Currency effects	12	−1
Fair value of plan assets as of end of period	**227**	**212**

€ million	30/09/2022	30/09/2023
Financing status		
Present value of defined benefit obligations	515	495
Fair value of plan assets	−227	−212
Asset adjustment (asset ceiling)	27	17
Net liability/asset	**314**	**300**
thereof recognized as provision	(−314)	(−300)
thereof recognized as net assets	(0)	(0)

At the company in Switzerland, the plan assets exceeded the value of the obligation at the closing date. As the company cannot draw any economic benefit from the overfunding, the balance sheet figure was reduced to €0 in application of IAS 19.64 (b). The effect of the asset ceiling changed as follows:

€ million	30/09/2022	30/09/2023
Changes in the effect of the asset ceiling		
Asset adjustment at the start of the period	10	27
Interest expenses	0	1
Asset adjustment recognized in other comprehensive income	15	−10
Currency effects	2	−1
Asset adjustment at the end of the period	**27**	**17**

The movements described above result in the following changes in the net provision:

€ million	30/09/2022	30/09/2023
Change in the net provision		
Net provision at the start of the period	442	314
Effects recognized in the income statement	7	15
Changes recognized in other comprehensive income	−89	13
Employer contributions	−25	−3
Direct commitments (incl. tax payment)	−20	−20
Change in consolidation group/transfers	0	−18
Currency effects	−1	−1
Net provision at the end of the period	**314**	**300**

The pension expenses from direct and indirect commitments of the post-employment benefit plans break down as follows:

€ million	2021/22	2022/23
Current service cost[1]	3	2
Net interest expenses	4	12
Past service cost (incl. curtailments and amendments)	0	0
Settlements	0	1
Other pension expenses	0	0
Pension expenses	**7**	**15**

[1] Contributions from employees are set off here.

In addition to the expenses from defined benefit commitments, there were expenses for payments to external pension providers in the financial year of €24 million (2021/22: €23 million) and payments to statutory pension insurance providers of €156 million (2021/22: €141 million) for defined contribution pension commitments.

Media-Saturn Netherlands participates in a defined benefit multi-employer plan, which was classified as a defined contribution pension plan because the obligations and assets attributable to CECONOMY cannot be quantified. The plan is typical for the Netherlands and is subject to strict regulation. In the event of deficient cover, Media-Saturn Netherlands is not obliged to compensate for this deficient cover with higher contributions in the future. In the event of a surplus, Media-Saturn Netherlands has no claim to this income. Over 31,000 companies in the retail industry participate in the plan, with contributions collected for a total of more than 350,000 employees from all companies. Media-Saturn Netherlands currently contributes to the plan for 5,782 employees. The contributions are calculated for five years and correspond to a fixed percentage of an employee's salary (currently 24.75 per cent), whereby employees make a portion of the contributions for salaries above €16,265 and no more contributions have to be made for salaries above €66,956. In financial year 2022/23, contributions to "Bedrijfspensioenfonds voor de Detailhandel" are expected to amount to around €10.9 million. In September 2023, the coverage ratio was 128.9 per cent (September 2022: 126.7 per cent). On dissolution of or withdrawal from the plan, Media-Saturn Netherlands is not obliged to compensate for deficits and will not participate in any asset surplus.

Provisions for obligations similar to pensions primarily include obligations from anniversary and death benefits, continued salary payments in the event of death and partial retirement arrangements. Provisions of €16 million (30/09/2022: €18 million) were recognized for these obligations. The obligations are measured on the basis of actuarial reports. The measurement parameters used are essentially identical to those of the post-employment benefit plans.

30. OTHER PROVISIONS (NON-CURRENT)/PROVISIONS (CURRENT)

Other provisions (non-current)/provisions (current) developed as follows in the reporting period:

€ million	Real estate-related obligations	Obligations from trade transactions	Taxes	Miscellaneous	Total
As of 30/09 or 01/10/2022	**37**	**14**	**22**	**64**	**138**
Currency translation	−1	0	1	−2	−2
Addition	41	16	41	39	137
Reversal	−6	−1	−14	−17	−37
Utilization	−5	−15	−41	−25	−86
Interest portion in addition/change in interest rate	0	0	0	3	3
Reclassifications to IFRS 5	0	−1	0	0	−1
Transfer	0	0	0	19	19
As of 30/09/2023	**67**	**15**	**8**	**80**	**170**
Long-term	38	0	8	41	88
Short-term	28	15	0	39	82
As of 30/09/2023	**67**	**15**	**8**	**80**	**170**

Provisions for real estate-related obligations relate to obligations from rental agreements, such as subsidiary rental costs, of €28 million (30/09/2022: €18 million) and asset retirement obligations of €38 million (30/09/2022: €19 million).

As in the previous year, the provisions for tax risks mainly include provisions for VAT matters.

The miscellaneous provisions include provisions for severance payments of €21 million (30/09/2022: €14 million), provisions for guarantee and warranty risks of €12 million (30/09/2022: €7 million), provisions for legal risks of €7 million (30/09/2022: €8 million), and interest on tax provisions of €4 million (30/09/2022: €7 million). Obligations to former employees who left CECONOMY as part of a hive-down, which were previously recognized in pension obligations, are also included here. They were initially reclassified from provisions for pensions to other provisions at an amount of €18 million. As of 30 September 2023, this obligation is recognized in the amount of €22 million.

It is assumed that the current portion of the provisions of €82 million will result in payouts within a year. The non-current portion of the provisions includes miscellaneous provisions of €41 million, which primarily relate to obligations to former employees of €22 million, provisions for guarantee and warranty risks of €12 million and interest on tax provisions of €4 million. The real estate-related obligations relate to provisions for asset retirement obligations. For these types of provisions, the pay-out dates are related to the respective remaining terms of the rental agreements.

↗ Additional information on provisions for share-based payments included in miscellaneous provisions can be found under note 43 Executives' long-term incentive.

The interest rates for non-interest-bearing non-current provisions range between 1.05 and 27.34 per cent (30/09/2022: 0.00 and 3.23 per cent) depending on the term, country and currency.

31. LIABILITIES

€ million	30/09/2022 Total	Remaining term Up to 1 year	Remaining term 1 to 5 years	Remaining term Over 5 years	30/09/2023 Total	Remaining term Up to 1 year	Remaining term 1 to 5 years	Remaining term Over 5 years
Trade liabilities and similar liabilities	**5,340**	**5,275**	**65**	**0**	**5,320**	**5,249**	**71**	**0**
thereof bills of exchange liabilities (non-interest-bearing)	(461)	(461)	(0)	(0)	(508)	(508)	(0)	(0)
Bonds	641	32	609	0	645	27	617	0
Liabilities to banks	48	48	0	0	33	33	0	0
Promissory note loans	122	1	121	0	122	50	72	0
Lease liabilities	1,961	507	1,222	232	1,784	474	1,119	192
Borrowings	**2,773**	**589**	**1,952**	**232**	**2,584**	**584**	**1,808**	**192**
Payroll liabilities	232	232	0	0	272	272	0	0
Liabilities from other financial transactions	0	0	0	0	0	0	0	0
Miscellaneous financial liabilities	142	128	2	12	145	134	1	10
Other financial liabilities	**374**	**360**	**2**	**12**	**417**	**405**	**1**	**10**
Other tax liabilities	291	291	0	0	230	230	0	0
Deferred income	19	16	3	0	15	11	3	0
Miscellaneous non-financial liabilities	2	2	0	0	8	8	0	0
Other liabilities	**313**	**309**	**3**	**0**	**252**	**249**	**3**	**0**
Income tax liabilities	**72**	**72**	**0**	**0**	**43**	**43**	**0**	**0**
	8,871	**6,605**	**2,022**	**244**	**8,615**	**6,530**	**1,884**	**202**

32. TRADE LIABILITIES AND SIMILAR LIABILITIES

€ million	30/09/2022	30/09/2023
Trade liabilities	5,053	5,034
Contract liabilities	220	211
Liabilities from continuing involvement	67	75
Trade liabilities and similar liabilities	**5,340**	**5,320**
thereof remaining term ≤12 months	(5,275)	(5,249)
thereof remaining term > 12 months	(65)	(71)

The contract liabilities resulted from payments received that were not yet recognized as sales. They primarily include deferred sales from sale of vouchers of €132 million (30/09/2022: €129 million) and deferred sales from the sale of extended warranties of €13 million (30/09/2022: €34 million). The sales recognized in financial year 2022/23 from performance obligations satisfied (or partially satisfied) in previous periods amounted to €145 million (30/09/2022: €198 million).

The item with a remaining term of over one year in the amount of €71 million (30/09/2022: €65 million) primarily includes the recognition of the continuing involvement.

The liabilities from continuing involvement were recognized in connection with three factoring programmes. The corresponding assets are reported under the "trade receivables and similar claims" item.

33. OTHER FINANCIAL LIABILITIES AND NON-FINANCIAL LIABILITIES

	30/09/2022			30/09/2023		
		Remaining term			Remaining term	
€ million	Total	Up to 1 year	Over 1 year	Total	Up to 1 year	Over 1 year
Payroll liabilities	232	232	0	272	272	0
Miscellaneous financial liabilities	101	88	14	109	98	11
Refund liabilities	41	41	0	36	36	0
Other financial liabilities	**374**	**360**	**14**	**417**	**405**	**11**
Other tax liabilities	291	291	0	230	230	0
Deferred income	19	16	3	15	11	3
Miscellaneous non-financial liabilities	2	2	0	8	8	0
Other liabilities	**313**	**309**	**3**	**252**	**249**	**3**

Material items in miscellaneous financial liabilities are liabilities from the acquisition of assets of €40 million (30/09/2022: €43 million), real estate-related liabilities of €12 million (30/09/2022: €12 million), and liabilities from non-Group shareholders' put options of €11 million (30/09/2022: €14 million).

The other tax liabilities mainly comprise value added tax, payroll and church tax and land tax.

Deferred income includes deferred rent and advertising subsidies as well as other deferred items.

34. FINANCIAL INSTRUMENTS

34.1 Impairments of capitalized financial instruments and contract assets

Capitalized financial instruments are impaired via an allowance account and reduce the carrying amount of the financial assets.

General approach

Impairment is to be calculated in accordance with the general approach for all financial instruments measured at amortized cost or at fair value through other comprehensive income with recycling and that do not fall under the simplified approach.

In financial year 2022/23, CECONOMY applied the general approach, including stages 1 and 2 for the expected credit risk, exclusively for receivables due from suppliers. For all other financial instruments covered by the general approach, only impairments that have already occurred within the meaning of stage 3 are recognized; their amounts are immaterial in terms of risk provisioning.

The following table shows impairments on receivables due from suppliers for the gross carrying amounts:

€ million	Stage 1 Credit risk unchanged since recognition	Stage 2 Increased credit risk	Stage 3 Credit-impaired	30/09/2022 Total
Suppliers with investment grade credit ratings	594	0	0	594
Other suppliers	513	183	22	719
	1,107	**183**	**22**	**1,312**

€ million	Stage 1 Credit risk unchanged since recognition	Stage 2 Increased credit risk	Stage 3 Credit-impaired	30/09/2023 Total
Suppliers with investment grade credit ratings	541	0	0	541
Other suppliers	508	131	47	686
	1,049	**131**	**47**	**1,227**

Impairments in 2022/23 for expected losses and losses already incurred for receivables due from suppliers correspond to the general approach and are presented below:

€ million	Stage 1 Credit risk unchanged since recognition	Stage 2 Increased credit risk	Stage 3 Credit-impaired	Total
Risk provisions as of 30 September 2021	**1**	**1**	**15**	**17**
Newly granted/purchased financial assets	0	0	0	1
Remeasurement of impairment	0	0	0	0
Transfer to stage 1	0	0	0	0
Transfer to stage 2	0	0	0	0
Transfer to stage 3	0	0	0	0
Sold financial assets	0	0	−1	−1
Other changes[1]	0	0	0	0
Risk provisions as of 30 September 2022	**2**	**1**	**14**	**16**

[1] Other changes include currency translation differences, changes to the consolidation group and changes to model parameters/assumptions.

€ million	Stage 1 Credit risk unchanged since recognition	Stage 2 Increased credit risk	Stage 3 Credit-impaired	Total
Risk provisions as of 30 September 2022	**2**	**1**	**14**	**16**
Newly granted/purchased financial assets	0	0	4	5
Remeasurement of impairment	0	0	0	0
Transfer to stage 1	0	0	0	0
Transfer to stage 2	0	0	0	0
Transfer to stage 3	0	0	0	0
Sold financial assets	0	0	0	0
Other changes[1]	0	0	0	0
Risk provisions as of 30 September 2023	**2**	**1**	**18**	**20**

[1] Other changes include currency translation differences, changes to the consolidation group and changes to model parameters/assumptions.

Receivables due from suppliers that were written down in financial year 2022/23 and that are not yet subject to enforcement measures amount to €8 million (30/09/2022: €8 million).

Simplified approach

In financial year 2022/23, the simplified approach was used for trade receivables measured at amortized cost and for contract assets, in each case excluding the part relating to a continuing involvement.

Risk provisions for this item are generally measured on the basis of impairment matrices. Receivables were pooled together in various portfolios with similar risk elements in order to calculate the expected credit losses. These portfolios correspond to CECONOMY's operating segments and are based on similar economic conditions and business activities of the operations.

If an individual approach is not taken, impairment on trade receivables is recognized using the impairment matrix. The following table shows the gross carrying amounts:

€ million	Total carrying amount as of 30/09/2022	Thereof not past due, not impaired	Thereof past due, not impaired: Due within the last 90 days	91 to 180 days past due	181 to 270 days past due	271 to 360 days past due	More than 360 days past due
Expected default rate (in %)	1.5	0.3	1.6	3.2	7.7	14.8	16.0
Gross carrying amount excluding impaired receivables	119	87	19	4	3	1	4
Risk provision	**2**	**0**	**0**	**0**	**0**	**0**	**1**

€ million	Total carrying amount as of 30/09/2023	Thereof not past due, not impaired	Thereof past due, not impaired: Due within the last 90 days	91 to 180 days past due	181 to 270 days past due	271 to 360 days past due	More than 360 days past due
Expected default rate (in %)	1.9	0.7	2.3	11.1	14.0	21.7	32.4
Gross carrying amount excluding impaired receivables	125	103	16	2	2	1	2
Risk provision	**2**	**1**	**0**	**0**	**0**	**0**	**1**

In addition to the risk provisions shown in the table above, €17 million (30/09/2022: €13 million) in specific bad debt allowances was recognized on the gross carrying amount of €156 million (30/09/2022: €144 million).

Trade receivables that were written down in financial year 2022/23 and that are not yet subject to enforcement measures amount to €19 million (30/09/2022: €19 million).

Trade receivables and contract assets from mobile communications providers are measured individually using the individual providers' credit risks. As in the previous year, minor risk provisions were made on a gross carrying amount of €280 million (30/09/2022: €244 million). Of the gross carrying amount, 91.2 per cent (30/09/2022: 93.6 per cent) of the mobile communications providers meet investment grade criteria and thus have a good to very good credit rating.

In addition to the risk provisions shown above, as in the previous year, €0 million in specific bad debt allowances was recognized on a gross carrying amount of the trade receivables and contract assets from mobile communications providers.

€ million	2021/22	2022/23
Impairments as of 01/10 as per IFRS 9	**16**	**14**
Currency translation	0	0
Additions	9	15
Reversal	–5	–5
Reclassifications to IFRS 5	0	0
Utilization	–5	–4
Transfers	0	0
Impairments as of 30/09 as per IFRS 9	**14**	**20**

↗ Additional information on credit rating and credit risks can be found under note 37 Management of financial risks and in the notes to the Group accounting principles and methods.

34.2 Cash and cash equivalents

€ million	30/09/2022	30/09/2023
Cheques and cash on hand	48	61
Bank deposits and other financial assets that can quickly be converted into cash	720	836
	769	**897**

↗ For details, please refer to the cash flow statement and note 35 Notes to the cash flow statement.

34.3 Borrowings

Borrowings comprise liabilities from bonds, liabilities to banks, promissory notes and lease liabilities. In total, borrowings decreased by €189 million from €2,773 million in the previous year to €2,584 million.

CECONOMY AG uses issues on the capital market for medium- and long-term financing. As of 30 September 2023, CECONOMY AG had several outstanding promissory notes together totalling €121 million with a remaining term of up to five years.

CECONOMY AG also issued a five-year senior unsecured bond of €500 million with a term until 24 June 2026. As part of the Convergenta transaction, in financial year 2021/22 CECONOMY AG issued a convertible bond with a nominal volume of €151 million, divided into 1,510 partial bonds, and with a term until 9 June 2027. As of 30 September 2023, the convertible bond is recognized in bonds at a carrying amount of €120 million and a corresponding fair value of €106 million. The convertible bond bears interest at a fixed interest rate of 0.05 per cent.

For obtaining short-term financial funding, CECONOMY AG has a multi-currency commercial paper programme with a maximum volume of €500 million. Commercial paper of €25 million was outstanding as of 30 September 2023 (30/09/2022: €30 million).

The Group had sufficient liquidity at all times. CECONOMY AG possesses comfortable liquidity reserves, which, besides the held liquidity, comprise syndicated credit facilities of €1,060 million. These extensive, multi-year credit facilities have never been utilized – and were therefore not utilized as of 30 September 2023.

The table below provides an overview of the credit facilities:

Undrawn credit facilities of CECONOMY AG

	30/09/2022			30/09/2023		
		Remaining term			Remaining term	
€ million	Total	Up to 1 year	Over 1 year	Total	Up to 1 year	Over 1 year
Bilateral credit facilities	0	0	0	0	0	0
Utilization	0	0	0	0	0	0
Undrawn bilateral credit facilities	**0**	**0**	**0**	**0**	**0**	**0**
Syndicated credit facilities	1,060	0	1,060	1,060	0	1,060
Utilization	0	0	0	0	0	0
Undrawn syndicated credit facilities	**1,060**	**0**	**1,060**	**1,060**	**0**	**1,060**
Total credit facilities	1,060	0	1,060	1,060	0	1,060
Total utilization	0	0	0	0	0	0
Total undrawn credit facilities	**1,060**	**0**	**1,060**	**1,060**	**0**	**1,060**

The default of a creditor can be covered at all times by the existing unutilized credit facilities or the available money and capital market programmes.

CECONOMY generally does not provide collateral for borrowings.

The tables below outline the maturity/interest rate structure of borrowings from bonds and promissory note loans. The stated carrying amounts and fair values include accrued interest, the remaining term of which is less than one year in each case.

Bonds – maturity structure

		30/09/2022				30/09/2023			
		Nominal value	Nominal value	Carrying amount	Fair value	Nominal value	Nominal value	Carrying amount	Fair value
Currency	Remaining term	Million currency	€ million	€ million	€ million	Million currency	€ million	€ million	€ million
EUR	Up to 1 year	32	32	32		25	25	27	
	1 to 5 years	651	651	609		651	651	617	
	Over 5 years	0	0	0		0	0	0	
	Total	**683**	**683**	**641**	**383**	**676**	**676**	**645**	**538**

Bonds – interest rate structure

			30/09/2022	30/09/2023
	Currency	Remaining term	Nominal value € million	Nominal value € million
Fixed interest	EUR	Up to 1 year	32	25
		1 to 5 years	651	651
		Over 5 years	0	0
Variable interest	EUR	Up to 1 year	0	0
		1 to 5 years	0	0
		Over 5 years	0	0

Promissory note loans – maturity structure

		30/09/2022				30/09/2023			
		Nominal value	Nominal value	Carrying amount	Fair value	Nominal value	Nominal value	Carrying amount	Fair value
Currency	Remaining term	Million currency	€ million	€ million	€ million	Million currency	€ million	€ million	€ million
EUR	Up to 1 year	1	1	1		50	50	50	
	1 to 5 years	121	121	121		72	72	72	
	Over 5 years	0	0	0		0	0	0	
	Total	**122**	**122**	**122**	**105**	**122**	**122**	**122**	**114**

Promissory note loans – interest rate structure

			30/09/2022	30/09/2023
	Currency	Remaining term	Nominal value € million	Nominal value € million
Fixed interest	EUR	Up to 1 year	1	28
		1 to 5 years	100	72
		Over 5 years	0	0
Variable interest	EUR	Up to 1 year	0	22
		1 to 5 years	22	0
		Over 5 years	0	0

The fixed interest rates of the short-term borrowings and the interest reset dates of all fixed interest borrowings correspond to the remaining terms shown. The interest reset periods of variable interest rates are less than one year.

↗ The effects of interest rate changes in the variable portion of the borrowings on CECONOMY's profit or loss for the period and equity are described in detail under note 37 Management of financial risks.

34.4 Offsetting financial assets and financial liabilities

Financial assets and financial liabilities subject to offsetting agreements, enforceable master netting arrangements and other agreements were as follows:

						30/09/2022
	(a)	(b)	(c) = (a) – (b)	(d)		(e) = (c) – (d)
	Gross amounts of recognized financial assets/liabilities	Gross amounts of recognized financial 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	1,466	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.

						30/09/2023
	(a)	(b)	(c) = (a) – (b)	(d)		(e) = (c) – (d)
	Gross amounts of recognized financial assets/liabilities	Gross amounts of recognized financial 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	1,290	83	1,207	62	0	1,145
Trade receivables and similar claims[1]	231	21	210	0	0	210
Further financial assets	248	0	248	0	0	248
Cash and cash equivalents	897	0	897	0	0	897
	2,666	**104**	**2,562**	**62**	**0**	**2,500**
Financial liabilities						
Trade liabilities and similar liabilities[2]	5,182	73	5,109	43	0	5,066
Further financial liabilities	3,032	31	3,001	19	0	2,981
	8,213	**104**	**8,109**	**62**	**0**	**8,047**

[1] Not including contract assets of €280 million.
[2] Not including contract liabilities of €211 million.

The financial instruments not offset would be offsetable on the basis of the underlying framework agreements, but do not meet the offsetting criteria of IAS 32 (Financial Instruments: Presentation).

CECONOMY concludes offsetting agreements, enforceable master netting arrangements and other agreements with individual suppliers. These agreements allow receivables due from suppliers resulting from subsequent compensation, product returns and similar claims to be offset against trade liabilities to the suppliers. A set-off takes place if there is a legally enforceable right of set-off and the offsetting is unconditional.

34.5 Undiscounted cash flows of financial liabilities

The undiscounted cash flows of borrowings, trade liabilities and derivatives carried as liabilities are as follows:

€ million	Carrying amount 30/09/2022	Contractual cash flows			
		Total amount	Up to 1 year	1 to 5 years	Over 5 years
Financial liabilities					
Bonds	641	719	41	678	0
Liabilities to banks	48	48	48	0	0
Promissory note loans	122	133	4	129	0
Lease liabilities	1,961	2,064	530	1,292	241
Trade liabilities and similar liabilities[1]	5,120	5,120	5,068	52	0
Currency derivatives carried as liabilities	0	0	0	0	0

€ million	Carrying amount 30/09/2023	Contractual cash flows			
		Total amount	Up to 1 year	1 to 5 years	Over 5 years
Financial liabilities					
Bonds	645	703	34	669	0
Liabilities to banks	33	33	33	0	0
Promissory note loans	122	130	52	77	0
Lease liabilities	1,784	1,941	523	1,210	209
Trade liabilities and similar liabilities[1]	5,109	5,109	5,049	60	0
Currency derivatives carried as liabilities	0	0	0	0	0

[1] This item does not include contract liabilities of €211 million (30/09/2022: €220 million).

In the current financial year, the carrying amounts of bonds recognized include a convertible bond of €120 million (30/09/2022: €113 million). The contractual cash flows of the convertible bond are €0 million up to one year and €151 million for one to four years.

34.6 Carrying amounts and fair values by measurement category

Financial instruments are accounted for in accordance with IFRS 9 and allocated to the appropriate categories as follows:

					30/09/2022
		Value in statement of financial position			
€ million	Carrying amount	(Amortized) cost	Fair value through profit or loss	Fair value through other comprehensive income	Fair value
Assets					
Measured at amortized cost	**2,424**	**2,424**	**0**	**0**	**2,424**
Cash and cash equivalents	769	769	0	0	769
Receivables due from suppliers	1,296	1,296	0	0	1,296
Trade receivables and similar claims[1]	202	202	0	0	202
Loans and advance credit granted	14	14	0	0	14
Miscellaneous assets	143	143	0	0	143
Measured at fair value through profit or loss	**1**	**0**	**1**	**0**	**1**
Securities	0	0	0	0	0
Trade receivables and similar claims	0	0	0	0	0
Derivative financial instruments	1	0	1	0	1
Measured at fair value through other comprehensive income	**101**	**0**	**0**	**101**	**101**
Equity instruments	101	0	0	101	101
Debt instruments	0	0	0	0	0
Equity and liabilities					
Measured at amortized cost	**6,239**	**6,239**	**0**	**0**	**5,963**
Borrowings[2]	812	812	0	0	536
Trade liabilities and similar liabilities[3]	5,053	5,053	0	0	5,053
Miscellaneous liabilities	374	374	0	0	374
Measured at fair value through profit or loss	**0**	**0**	**0**	**0**	**0**
Derivative financial instruments	0	0	0	0	0
Miscellaneous liabilities	0	0	0	0	0

[1] Not including continuing involvement of €16 million or contract assets of €221 million
[2] Not including lease liabilities of €1,961 million
[3] Not including continuing involvement of €67 million or contract liabilities of €220 million

€ million	Carrying amount	Value in statement of financial position (Amortized) cost	Fair value through profit or loss	Fair value through other comprehensive income	Fair value
					30/09/2023
Assets					
Measured at amortized cost	**2,465**	**2,465**	**0**	**0**	**2,465**
Cash and cash equivalents	897	897	0	0	897
Receivables due from suppliers	1,207	1,207	0	0	1,207
Trade receivables and similar claims[1]	195	195	0	0	195
Loans and advance credit granted	41	41	0	0	41
Miscellaneous assets	124	124	0	0	124
Measured at fair value through profit or loss	**1**	**0**	**1**	**0**	**1**
Securities	0	0	0	0	0
Trade receivables and similar claims	0	0	0	0	0
Derivative financial instruments	1	0	1	0	1
Measured at fair value through other comprehensive income	**81**	**0**	**0**	**81**	**81**
Equity instruments	81	0	0	81	81
Debt instruments	0	0	0	0	0
Equity and liabilities					
Measured at amortized cost	**6,251**	**6,251**	**0**	**0**	**6,137**
Borrowings[2]	800	800	0	0	686
Trade liabilities and similar liabilities[3]	5,034	5,034	0	0	5,034
Miscellaneous liabilities	417	417	0	0	417
Measured at fair value through profit or loss	**0**	**0**	**0**	**0**	**0**
Derivative financial instruments	0	0	0	0	0
Miscellaneous liabilities	0	0	0	0	0

[1] Not including continuing involvement of €15 million or contract assets of €280 million
[2] Not including lease liabilities of €1,784 million
[3] Not including continuing involvement of €75 million or contract liabilities of €211 million

The classes are formed on the basis of similar risks and characteristics corresponding to the nature of the respective financial instruments. Further subdivision for individual financial assets and liabilities is shown the table above.

The fair value hierarchy consists of three levels and is determined based on the market proximity of the inputs used in the measurement methods. In cases where various inputs are critical for the measurement, the fair value is allocated to the hierarchy level corresponding to the lowest-level input that is relevant for the measurement.

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 inputs: unobservable inputs for the asset or liability

Equity instruments of €81 million (30/09/2022: €101 million) are subsequently measured at fair value through other comprehensive income. €44 million (30/09/2022: €64 million) of this relates to listed companies, with €20 million (30/09/2022: €38 million) attributable to the 15 per cent investment in Russia's leading consumer electronics retailer PJSC "M.video" and €24 million (30/09/2022: €26 million) attributable to the roughly 1 per cent share in METRO AG.

Equity instruments of €37 million (30/09/2022: €37 million) which are not listed on the stock exchange and for which there is no active market are recognized at fair value through other comprehensive income. These equity instruments are not planned to be sold. The main component at €35 million (30/09/2022: €35 million) is the 6.61 per cent investment in METRO PROPERTIES GmbH & Co. KG.

The financial instruments measured at fair value in accordance with IFRS 9 are allocated as follows within the three-level fair value hierarchy:

	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**
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**

	30/09/2023			
€ million	**Total**	**Level 1**	**Level 2**	**Level 3**
Assets	**82**	**24**	**1**	**57**
Measured at fair value through profit or loss	**1**	**0**	**1**	**0**
Securities	0	0	0	0
Derivative financial instruments	1	0	1	0
Measured at fair value through other comprehensive income	**81**	**24**	**0**	**57**
Equity instruments	81	24	0	57
Equity and liabilities	**0**	**0**	**0**	**0**
Measured at fair value through profit or loss	**0**	**0**	**0**	**0**
Derivative financial instruments	0	0	0	0
Total	**82**	**24**	**1**	**57**

Equity instruments (level 1) are measured on the basis of quoted market prices in active markets.

The securities (level 1) relate to short-term investments in funds and are measured on the basis of quoted market prices in active markets.

For interest rate swaps and currency transactions (all level 2), there is a mark-to-market measurement on the basis of quoted exchange rates and yield curves available on the market.

The equity instruments without an active market recognized as assets totalling €57 million (30/09/2022: €75 million) as of 30 September 2023 are allocated to fair value level 3.

The fair value of the 15 per cent investment in Russia's leading consumer electronics retailer PJSC "M.video" declined by €18 million to €20 million as of 30 September 2023 (30/09/2022: €38 million). This change in the carrying amount was recognized through other comprehensive income ("Gains/losses on remeasuring financial instruments measured at fair value through other comprehensive income"). Because of the Russian war of aggression against Ukraine, a reliable level 1 market valuation of the 15 per cent interest using the share price determined in restricted trading on the Moscow stock exchange was no longer possible on the reporting date, so as of 31 March 2022 it was necessary to change the fair value hierarchy level from level 1 to level 3. The shares in PJSC "M.video" are also measured on the basis of a level 3 market valuation as of 30 September 2023, because on this date it was still assumed that a market value for the shares in PJSC "M.video" still could not be reliably derived from the stock market price on the Moscow stock exchange. A markdown was applied to the stock market value of the PJSC "M.video" shares in order to account for the ongoing uncertainty regarding Russian investments and the share's low free float. As of 30 September 2023, this markdown was calculated at approximately 60 per cent. The market value estimate for the 15 per cent investment in PJSC "M.video" amounts to €20 million. As well as the share price, the market value estimate is also heavily dependent on the performance of the Russian rouble.

Varying the material measurement parameters, a 10 per cent increase in the markdown would decrease the carrying amount by €2 million. Reducing the markdown by 10 per cent points would increase the carrying amount by €2 million. Increasing the exchange rate by 10 per cent would increase the carrying amount by €2 million. Reducing the exchange rate by 10 per cent would decrease the carrying amount by €2 million.

The fair value of the shares in METRO PROPERTIES GmbH & Co. KG amounted to €35 million, as in the previous year. The fair value of the shares is determined by the value of the real estate behind the investment. This accounts for near-term real estate transactions as well as the expected development of the real estate portfolio belonging to METRO PROPERTIES.

During the past reporting period and in the previous year, no transfers were made between levels 1 and 2.

In financial year 2022/23, there were no transfers to or from level 3.

Financial instruments that are recognized at amortized cost in the statement of financial position, but whose fair values are stated in the notes, are also classified within a three-level fair value hierarchy.

Due to their generally short-terms, the fair values of receivables due from suppliers, trade receivables and similar claims, trade liabilities and similar liabilities and cash and cash equivalents largely correspond to their carrying amounts.

The fair values of bonds, liabilities to banks and promissory note loans are calculated based on the market interest curve in line with the zero-coupon method, taking account of credit spreads (level 2). The values include accrued interest as of the closing date.

The fair values of all miscellaneous financial assets and financial liabilities that are not listed on the stock exchange correspond to the net present values of the payments associated with these items of the statement of financial position. The country-specific yield curves applicable as of the closing date (level 2) were used in the calculation.

Other notes

35. NOTES TO THE CASH FLOW STATEMENT

The statement of cash flows in accordance with IAS 7 (Statement of Cash Flows) shows how the Group's cash and cash equivalents have changed as a result of cash inflows and outflows over the course of the financial year.

Cash and cash equivalents comprise cheques, cash on hand, money in transit, bank deposits and other financial assets that can quickly be converted into cash with a term of up to three months.

The statement of cash flows distinguishes between changes in cash resulting from operating activities, investing activities and financing activities. Cash flows from discontinued operations are reported separately.

In the past financial year 2022/23, **cash flow from operating activities** resulted in a cash inflow of €1,004 million. This compares with a cash inflow of €127 million in the previous year. The €877 million higher cash flow from operating activities is almost exclusively due to the significant improvement in the change in net working capital.

Of the depreciation, amortization, impairment and reversals of impairment losses on intangible assets, property, plant and equipment, right-of-use assets, and impairment and reversals of impairment losses on investments accounted for using the equity method and assets held for sale totalling €835 million (2021/22: €761 million), property, plant and equipment accounted for €161 million (2021/22: €167 million), other intangible assets for €36 million (2021/22: €22 million), right-of-use assets for €491 million (2021/22: €516 million), impairment on investments accounted for using the equity method for €82 million (2021/22: €56 million), and impairment on assets held for sale for €65 million (2021/22: €0 million).

In financial year 2022/23, the change in net working capital resulted in cash outflow of €332 million, after cash outflow of €381 million in the previous year. The difference is mainly due to the development of the inventory situation, which, thanks to conscious inventory management, resulted in an improvement in the inventory level in the past financial year, after inventories increased in the previous year. A positive contribution was also made by the development of receivables due from suppliers, which generated cash outflow in the previous year and resulted in cash inflow in the past year thanks partly to improved receivables management.

In addition to the change in net working capital, the year-on-year improvement in cash flow from operating activities was also driven by other operating cash flow, which amounted to €42 million in financial year 2022/23 (2021/22: €–131 million). This mainly comprised the payment received from a claim for damages first recognized in the previous year and the non-cash increase in payroll liabilities. The correction of the likewise non-cash result from the investment in Fnac Darty S.A. also contributed to an improvement in other operating cash flow. Other taxes had the opposite effect. While cash outflow of €84 million is presented for other taxes in financial year 2022/23, the cash outflow of the previous year amounted to €31 million. The higher cash outflows are mainly due to the end of COVID-19 measures abroad. VAT deferrals granted in the previous year were repaid in financial year 2022/23. In Germany, the COVID-19-related VAT deferrals were already repaid in the previous year, resulting in a compensatory effect here.

The cash outflow from income taxes paid was somewhat lower than in the previous year at €109 million (2021/22: €130 million). This resulted in particular from lower tax prepayments of the current year and lower cash outflows for backpayments of previous years.

The gain on the net monetary position of €60 million (2021/22: €65 million) resulting from the application of IAS 29 “Financial Reporting in Hyperinflationary Economies” and recognized in EBIT is shown as a cash outflow in the separate line “gain or loss on net monetary position” within cash flow from operating activities. Together with the effect of the indexing of the opening balance of cash and cash equivalents of €48 million (1 October 2022: €48 million), the gain on the net monetary position is instead recognized under cash flow from financing activities in the line “IAS 29 effects on cash flow from operating, investing and financing activities”.

In the current financial year, the presentation of effects of the application of IAS 29 “Financial Reporting in Hyperinflationary Economies” was changed. The previous year’s figures were restated as follows:

€ million	2021/22
Change in net working capital	–20
Other in cash flow from operating activities	–12
Gain or loss on net monetary position	–65
Miscellaneous, individually immaterial changes in cash flows from operating, investing and financing activities	8
Currency effects on cash and cash equivalents	24
IAS 29 effects on cash flow from operating, investing and financing activities	16
Effects on the total change in cash and cash equivalents	**–48**

In addition, the indexing of the opening balance of cash and cash equivalents attributable to Türkiye resulted in an adjustment of the previous year’s figure by €48 million. This adjustment and the adjustments in the above table are shown in footnote 3 to the cash flow statement.

In the past financial year 2022/23, **cash flow from investing activities** recorded a cash outflow of €236 million (2021/22: €35 million). The previous year included cash inflow of €150 million from the change in current financial assets, whereas purchases and sales of current financial assets nearly balanced each other out in the past year. In addition, other investments were higher than in the previous year at €–81 million (2021/22: €–48 million). The higher cash outflows are mainly attributable to a loan to Power International AS, which was granted in connection with the sale of the Swedish MediaMarkt business. Furthermore, cash flow from investing activities in financial year 2022/23 was influenced by cash outflows from disposals of companies of €57 million (2021/22: €1 million) in connection with the sale of the MediaMarkt business in Sweden and in Portugal. The cash outflows from disposals of companies firstly comprise the cash and cash equivalents of €160 million disposed of in connection with the deconsolidation of the Swedish and Portuguese entities. In addition, there are cash inflows totalling €3 million from the cash consideration recognized up to 30 September 2023, which was agreed for the receipt of the shares in MediaMarkt Sweden and MediaMarkt Portugal. Cash inflow of €101 million is also included, which is due to the assignment of shareholder loans and a prior recapitalization of the Portuguese entity and economically attributable to the sale of the MediaMarkt business in Portugal. Cash proceeds from disposals of long-term assets and other disposals and cash proceeds from profit and loss transfers are lower than the previous year’s cash inflows at €29 million (2021/22: €40 million) and €1 million (2021/22: €13 million), respectively. The lower cash inflow from profit and loss transfers is mainly attributable to the lack of investment income from PJSC “M.video”. Finally, cash flow from financing activities was affected by interest payments received of €48 million (2021/22: €17 million) and payments for investments in property, plant and equipment of €176 million (2021/22: €206 million).

In the previous year, cash outflows from investing activities of €365 million were recognized under "Financial investments and securities" and cash inflows from divesting activities of €515 million were recognized under "Disposals of financial investments and securities". These are now shown net under "Change in current financial assets". This adjustment is shown in footnote 4 to the cash flow statement.

The amount of the investments in property, plant and equipment shown as a cash outflow differs from the addition shown in the asset reconciliation by the amount of the non-cash transactions. These essentially relate to changes in liabilities from the acquisition of property, plant and equipment and effects of currency translation.

The **cash outflow from financing activities** amounted to €649 million in financial year 2022/23 (2021/22: €932 million). The €283 million higher cash outflow from financing activities in the previous year is mainly due to the payment of the cash component agreed as part of the Convergenta transaction of €130 million and to profit distributions of €104 million, including the distribution of a dividend to CECONOMY AG shareholders amounting to €63 million. The cash flow from financing activities in the previous year was also negatively affected by the repayment on schedule of maturing promissory notes together totalling €189 million. The cash inflow from the issuance of two new promissory notes of €60 million with a term of five years had the opposite effect in the previous year.

In the previous year, commercial papers issued to obtain short-term financial funding current were netted with the repayment of these borrowings on a quarterly basis. This recognition was corrected in favour of presentation without netting. Instruments issued as part of the commercial paper programme are now recognized under "Proceeds from long-term borrowings", and repayments of these instruments are recognized under "Redemption of borrowings (excluding leases)". Cash inflows from the issue of commercial paper and cash outflows from the redemption of issued commercial paper were therefore both corrected by €305 million. This adjustment is shown in footnote 7 to the cash flow statement.

In the previous year, cash outflows of €134 million were recognized under "Redemption of other borrowings" and cash inflows of €144 million were recognized under "Proceeds from long-term borrowings". These cash inflows, which primarily resulted from the borrowing and repayment of liabilities to banks, are now shown net under "Change in other current borrowings". This adjustment is shown in footnote 8 to the cash flow statement.

The cash outflow from financing activities in financial year 2022/23 was particularly influenced by the redemption of lease liabilities of €489 million (2021/22: €496 million). Interest payments of €129 million (2021/22: €74 million), of which €47 million (2021/22: €21 million) related to lease liabilities in financial year 2022/23, likewise increased the cash outflow from financing activities. In financial year 2022/23, other financing activities also resulted in a cash outflow of €19 million (2021/22: €11 million). This includes cash outflows from credit and commitment fees of €16 million (2021/22: €6 million) and cash outflows from other financing activities of €2 million (2021/22: €5 million).

Cash flows in connection with factoring programmes are recognized both in cash flow from operating activities and in cash flow from financing activities. In the case of programmes in which the customer pays CECONOMY directly, cash flows between the customer and CECONOMY are recognized in cash flow from operating activities and cash flows between CECONOMY and the factor are recognized in cash flow from financing activities. However, if the customer pays the factor directly, cash flows between the factor and CECONOMY are recognized in cash flow from operating activities. Customers' payments to the factor are classified as non-cash transactions of CECONOMY. In financial year 2022/23, these non-cash transactions in connection with factoring programmes amounted to €273 million (2021/22: €272 million).

Cash and cash equivalents were subject to restrictions on title in the amount of €12 million (2021/22: €5 million).

The following tables show the reconciliation of changes from liabilities from financing activities:

€ million	01/10/2021	Cash flows	Non-cash changes				
		Cash change[1]	Due to exchange rate movements	Acquisition or disposal of companies	Fair values	Miscellaneous[1]	30/09/2022
Bonds	497	21	0	0	0	123	641
Liabilities to banks	50	−7	−1	0	0	6	48
Promissory note loans	251	−131	0	0	0	2	122
Lease liabilities	2,067	−517	−7	0	0	418	1,961
Other liabilities in connection with financing activities[2]	108	−64	0	0	0	−28	15
Liabilities from financing activities	**2,973**	**−699**	**−8**	**0**	**0**	**521**	**2,788**

[1] Disclosures mainly adjusted for cash outflows for interest paid, which were shown net in the previous year and are now shown gross.
[2] Contains other balance sheet items affecting the cash flow from financing activities. Key components include liabilities from put options and compensation payment obligations to non-controlling interests (component of "Other financial liabilities") plus asset and liability derivatives for currency hedging (component of "Other financial assets" and component of "Other financial liabilities").

€ million	01/10/2022	Cash flows	Non-cash changes				
		Cash change	Due to exchange rate movements	Acquisition or disposal of companies	Fair values	Miscellaneous	30/09/2023
Bonds	641	−14	0	0	0	17	645
Liabilities to banks	48	−23	−1	0	0	9	33
Promissory note loans	122	−3	0	0	0	3	122
Lease liabilities	1,961	−536	−13	−35	0	407	1,784
Other liabilities in connection with financing activities[1]	15	−8	0	0	0	5	12
Liabilities from financing activities	**2,788**	**−584**	**−14**	**−35**	**0**	**441**	**2,596**

[1] Contains other balance sheet items affecting the cash flow from financing activities. Key components include liabilities from put options and compensation payment obligations to non-controlling interests (component of "Other financial liabilities") plus asset and liability derivatives for currency hedging (component of "Other financial assets" and component of "Other financial liabilities").

As in the previous year, the non-cash changes of €441 million (2021/22: €521 million) reported under "Miscellaneous" primarily relate to net additions to lease liabilities, whose counterpart is in the "right-of-use assets" balance sheet item. Effects of accrued interest and accrued interest expenses are also presented here, which relate to the convertible bond issued in favour of Convergenta Invest GmbH, the five-year bond issued by CECONOMY AG, the outstanding promissory notes and lease liabilities. In the previous year, the addition of the convertible bond, which was issued in favour of Convergenta Invest GmbH as part of the Convergenta transaction, was also reported here. Non-cash changes in liabilities arising from financing activities of €−35 million, which relate to the acquisition or disposal of companies, are attributable to the sale of the operating activities in Sweden and Portugal.

36. SEGMENT REPORTING

Segmentation is in line with the Group's internal management and reporting.

CECONOMY's chief operating decision maker (CODM) in accordance with IFRS 8 (Operating Segments) is the Management Board of CECONOMY AG. The Management Board members have joint responsibility for allocating resources and assessing the Group's operating profitability. At CECONOMY, management is generally performed at a national level. The CODM of CECONOMY therefore manages the company's activities on the basis of internal reporting that generally includes key figures for each country. Resource allocation and performance measurement accordingly take place at a national level.

CECONOMY operates in a single business sector, the electronics sector. Combined with a relatively homogeneous alignment, its products, services and customer groups and its sales methods are similar in all countries. Based on similar economic conditions and business activities of the operations, individual countries are aggregated to form the following reportable **operating segments**:

– DACH: Germany, Austria, Switzerland, Hungary

– Western/Southern Europe: Belgium, Italy, Luxembourg, Netherlands, Portugal (until 30 September 2023), Spain

– Eastern Europe: Poland, Türkiye

All non-reportable operating segments as well as business activities that do not meet the criteria to be defined as an operating segment are grouped together under “Others”. This particularly includes Sweden (until 1 August 2023), the CECONOMY AG holding company and smaller operating companies.

Further information on the segments can be found in the combined management report.

The main components of segment reporting are described below:

- External sales represent the operating segments’ sales with non-Group parties.

- Internal sales show sales with other operating segments.

- Segment EBIT refers to the profit before net financial result and income taxes. Intragroup rental contracts are presented as operating leases in the segments. The properties are leased at market terms. Location-related risks and impairment risks of non-current assets are generally shown in the segments only if they represent risks for the Group. The same applies to deferred assets and liabilities, which are shown at segment level only if this would also be required in the consolidated statement of financial position.

- Segment EBITDA comprises EBIT before depreciation, amortization, impairment losses and reversals of impairment losses on intangible assets, property, plant and equipment, right-of-use assets and investments accounted for using the equity method.

- In financial year 2022/23, adjusted EBIT, CECONOMY’s management-relevant earnings indicator, is adjusted for non-recurring effects and earnings effects from companies recognized at equity and portfolio changes. Non-recurring earnings effects include effects in connection with the simplification and digitalization of central structures and processes, the strengthening of the retail brands in Germany, legal risks in connection with changes in the legal environment, and accounting effects from the application of IAS 29 in Türkiye, which is classified as a hyperinflationary economy. For the previous year 2021/22, non-recurring earnings effects in connection with COVID-19-related store closures, the introduction of a harmonized group-wide organizational structure (“Operating Model”), the transaction announced on 14 December 2020 regarding the acquisition of the minority shareholding in MediaMarktSaturn as well as reorganization and simplification of the corporate structure, the retroactive increase of a sector-specific tax in Hungary and accounting effects from Türkiye, which is classified as a hyperinflationary economy (IAS 29), and risk provisions for legal risks are not included in adjusted EBIT. In financial year 2022/23, expenses for non-recurring effects amounted to €70 million (2021/22: €62 million). Expenses for companies accounted for using the equity method amounted to €132 million (2021/22: €30 million). These comprise the impairment of €82 million (2021/22: €56 million) and expenses from the subsequent measurement of the investment in Fnac Darty S.A. of €50 million (2021/22: income of €26 million). Expenses of €63 million (2021/22: €11 million) were recognized for portfolio changes.

  The reconciliation of adjusted EBIT to EBIT for financial year 2022/23 is presented below:

€ million	2021/22	2022/23
Adjusted EBIT	**208[1]**	**243**
Store closures due to COVID-19	−20	–
Operating model	−36	–
Transaction costs from minority stake acquisition	−2	–
Simplification and digitalization of central structures and processes	–	−62
Strengthening of the retail brands in Germany	–	−4
Other	−3	−4
Companies accounted for using the equity method and portfolio changes	−40[1]	−195
EBIT	**105**	**−21**

[1] Adjustment for portfolio changes for Portugal and Sweden

↗ Further information on adjusted EBIT can be found under “Management system”.

- Segment investments comprises additions (including additions to consolidation group) to non-current intangible assets, property, plant and equipment, right-of-use assets and investments accounted for using the equity method. Excluded here are additions as a result of reclassifying assets held for sale as non-current assets.

– Non-current segment assets comprise all the non-current assets. They particularly do not include financial assets or tax items.

The reconciliation of non-current segment assets to the Group's assets is shown below:

€ million	30/09/2022	30/09/2023
Non-current segment assets	**3,447**	**3,169**
Inventories	3,176	2,918
Receivables due from suppliers	1,296	1,207
Cash and cash equivalents	769	897
Trade receivables and similar claims	440	490
Deferred tax assets	302	368
Income tax assets	147	177
Financial assets	115	123
Other entitlements to tax refunds[1]	103	106
Prepaid expenses and deferred charges[1]	59	53
Receivables from claims for damages[2]	35	6
Other[1,2,3,4]	109	122
Group assets	**9,998**	**9,635**

[1] Included in the "Other assets (current)" balance sheet item
[2] Included in the "Other financial assets (current)" balance sheet item
[3] Included in the "Other financial assets (non-current)" balance sheet item
[4] Included in the "Other assets (non-current)" balance sheet item

– The transfer pricing system between the segments is based on licence allocation on a cost-plus basis, which comprises cost relief in connection with routine services. The licence allocation, which is calculated on the basis of the segments' sales, covers the use of brands in the Group, among other things.

37. MANAGEMENT OF FINANCIAL RISKS

The CECONOMY AG Treasury department manages CECONOMY's financial risks. Specifically, these include:

– Price risks

– Liquidity risks

– Credit risks

– Cash flow risks

↗ Further details on the risk management system are included in the combined management report under economic report – earnings, financial and asset position – financial and asset position – financial management and in the opportunity and risk report.

Price risks

CECONOMY's price risks arise from the fact that the value of a financial instrument is influenced by changes in market interest rates, exchange rates and share prices.

Interest rate risks

Interest rate risks result from changes in interest rates. Interest rate derivatives can be used to mitigate these risks if necessary.

CECONOMY's residual interest rate risk is calculated using sensitivity analyses in accordance with IFRS 7. The following assumptions are applied in analysing changes in interest rates:

– The total impact calculated by sensitivity analyses relates to holdings as of the closing date and expresses the effect for a year.

– Variable interest, primary financial instruments whose interest payments are not designated as a hedged item in cash flow hedges against changes in interest rates affect the net interest result in profit or loss in sensitivity analyses. Sensitivity to a change of ten basis points is calculated.

- Fixed interest primary financial instruments are not included in sensitivity analyses.

- Financial instruments designated as a hedge in a cash flow hedge against variable interest flows only affect the net interest result when the cash flows are triggered. However, the measurement of the hedge at fair value affects reserves retained from earnings in equity.

- Interest rate derivatives that are not part of a qualified hedging relationship in accordance with IAS 39 affect other financial result through measurement at fair value through profit or loss and the net interest result through the interest flows that arise.

The residual interest rate risk as of the closing date essentially results from variable interest receivables from and liabilities to banks, and from other short-term liquid financial assets (reported under "Cash and cash equivalents") at a net total amount taking hedges into account of €781 million (30/09/2022: €640 million).

Given this net total, a rise in interest rates of ten basis points would increase income in the net interest result by €4 million (2021/22: €4 million) per year. A reduction in interest rates of 50 basis points would have an opposite effect of €–4 million (2021/22: €–4 million).

CECONOMY is exposed to **currency risks** as a result of the international procurement of goods and as a result of costs and financing incurred in a currency other than that of the respective country or linked to the performance of another currency. The foreign currency items that arise as a result must be hedged in accordance with CECONOMY's "Foreign Currency Risk" policy. Exceptions are permitted where hedging is not economically reasonable and where there are statutory and regulatory restrictions in the respective countries. Forward currency contracts/options and interest rate and currency swaps can be used for hedging purposes.

The foreign currency risk arising as a result of the exceptions is also presented using sensitivity analyses in accordance with IFRS 7. The following assumptions are applied in analysing the depreciation or appreciation of the euro against foreign currencies:

The total impact presented by sensitivity analyses, in terms of its amount and earnings effects, relates to the foreign currencies held within the consolidated subsidiaries of CECONOMY and expresses the effect in the event of the depreciation or appreciation of the euro.

The depreciation of the euro has a positive effect if a subsidiary whose functional currency is the euro has a foreign currency receivable, or if a subsidiary whose functional currency is not the euro has a liability in euro. The table below shows the nominal volumes of currency pairs in this category with a positive sign.

The depreciation of the euro has a negative effect if a subsidiary whose functional currency is not the euro has a receivable in euro, or if a subsidiary whose functional currency is the euro has a foreign currency liability. Accordingly, the following table shows the nominal volumes of currency pairs in this category with a negative sign.

By contrast, an appreciation of the euro has the opposite effect for all currency pairs shown above.

The effects of the measurement of non-equity foreign currency positions translated using the closing rate in accordance with IAS 21 are recognized in the income statement in the sensitivity analyses. In the event of a net equity investment in a foreign operation, the effects of measurement using the closing rate are recognized in equity through other comprehensive income (OCI).

Forward currency contracts/options and interest rate and currency swaps that are not part of a qualified hedging relationship in accordance with IAS 39 affect the income statement through measurement at fair value. This is countered by the effects of the measurement of the hedged item held in foreign currency, hence the opposing effects are cancelled out if the hedge is fully effective.

CECONOMY has exercised the option to continue applying the hedge accounting regulations of IAS 39. This option can be exercised until the IASB has completed its macro hedging project. This project is not expected to be finalized in the near future.

The effects of the currency translation of financial statements whose functional currency is not the reporting currency of CECONOMY do not affect cash flows in local currency and are therefore not included in sensitivity analyses.

CECONOMY's residual currency risk, which essentially relates to an inability to hedge certain currencies for legal reasons or owing to insufficient market depth, was as follows as of the closing date:

€ million	Currency pair	Effect if euro depreciates/appreciates by 10% Volume	30/09/2022	Volume	30/09/2023
Profit or loss for the period			+/–		+/–
	HUF/EUR	+30	+3	+29	+3
	PLN/EUR	+117	+12	+108	+11
	SEK/EUR	+24	+2	0	0
	TRY/EUR	+4	0	+6	+1
	CHF/EUR	+3	0	+6	+1
	USD/EUR	+2	0	+2	0

In addition to the currency pairs shown in the table, there is a US dollar foreign currency position at a subsidiary whose functional currency is the Turkish lira (currency pair: USD/TRY). Given a volume of USD 24 million (30/09/2022: USD 33 million), a depreciation of the US dollar of 10 per cent would have a positive effect on the profit or loss for the period of €2 million (2021/22: €3 million). Conversely, an appreciation of the US dollar of 10 per cent would have a negative effect on the profit or loss for the period of €–2 million (2021/22: €–3 million).

Interest rate and currency risks are significantly reduced and limited by the principles set out in CECONOMY's internal Treasury policies. These stipulate for the Group as a whole that any hedging operation must remain within predefined limits and must not increase risk exposure under any circumstances. CECONOMY realizes and accepts that this greatly limits its ability to leverage current or expected interest rate or exchange rate movements to optimize its earnings.

In addition, only standard derivative financial instruments for which the correct financial and accounting presentation and measurement are guaranteed in Treasury's systems can be used for hedging purposes.

The following derivative financial instruments were used to reduce risk at the closing date:

	30/09/2022			30/09/2023		
		Fair values			Fair values	
€ million	Nominal volume	Financial assets	Financial liabilities	Nominal volume	Financial assets	Financial liabilities
Currency transactions						
Forward currency contracts/options						
within fair value hedges	0	0	0	0	0	0
within cash flow hedges	0	0	0	0	0	0
not in a hedge	610[1]	1	0	72	0	0
	610	**1**	**0**	**72**	**0**	**0**

[1] Previous year's figure restated

The nominal volume primarily comprises forward currency contracts/options and results from the foreign currency amounts bought and sold, translated using the corresponding exchange rate as of the closing date. All fair values represent the theoretical value of these instruments on the reversal of transactions as of the closing date. Assuming that the transactions will be held to maturity, these are unrealized gains and losses that will be fully offset against the gains and losses of the hedged items by the time they mature if the hedges are fully effective.

In order to show this offsetting on an accrual basis, relationships are created between hedges and hedged items and presented as follows:

– In a fair value hedge, both the hedge and the hedged risk of the hedged item are recognized at fair value. The fluctuations in the fair value of both transactions are recognized in the income statement, where they offset each other if the hedge is fully effective.

– In a cash flow hedge, the hedges are also recognized at fair value. If the hedge is fully effective, the changes in value are recognized in equity until the hedged cash flows or expected transactions are recognized in profit or loss, at which time they are recognized in the income statement.

– Hedging transactions that are not part of a hedge in accordance with IAS 39 are recognized at fair value. Changes in their value are recognized in the income statement. Even if no formal hedge was established, these are hedging transactions in a close relationship with the hedged item whose impact on profit or loss is offset by that of the hedged item (natural hedge).

The currency derivatives used mainly relate to the Polish złoty.

The maturity dates of the derivative financial instruments are as follows:

			30/09/2022			30/09/2023
			Maturity dates			Maturity dates
€ million	Up to 1 year	1 to 5 years	Over 5 years	Up to 1 year	1 to 5 years	Over 5 years
Currency transactions						
Forward currency contracts/options						
within fair value hedges	0	0	0	0	0	0
within cash flow hedges	0	0	0	0	0	0
not in a hedge	1	0	0	0	0	0
	1	**0**	**0**	**0**	**0**	**0**

The fair values of the financial assets and liabilities that mature during these time bands are shown under the maturity dates.

Liquidity risks

Liquidity risk describes the risk of being unable to obtain or provide cash, or of only being able to do so at higher cost. Liquidity risks arise, for example, as a result of temporary capital market disruptions, creditor default, insufficient credit facilities or failure of anticipated incoming payments to arise. The Treasury department always ensures sufficient funds to cover the financial requirements for operating and investing activities as cost-efficiently as possible. The information necessary is provided by rolling three-month Group financial planning by the individual Group companies issued after the end of the financial year, and undergoes deviation analysis. This financial planning is supplemented by short-term liquidity planning and updated on a rolling basis.

Financing instruments include money market and capital market products (bonds, promissory note loans, commercial papers, convertible bond) and multi-year syndicated credit facilities.

Multi-year syndicated credit facilities of €1,060 million are available for the reduction of liquidity risk. The standard covenants specified in the loan agreement, including financial ratios, were complied with at all times and are expected to be complied with in the future. CECONOMY AG also strengthened its liquidity base further by issuing a five-year senior unsecured bond of €500 million on 24 June 2021.

CECONOMY therefore has sufficient liquidity reserves, ensuring that liquidity risks do not arise even if unexpected events have a negative financial impact on the liquidity situation. Please refer to the information on the corresponding balance sheet items for details of financing instruments and credit facilities.

↗ Further details can be found under note 34.2 “Cash and cash equivalents” and note 34.3 “Borrowings”.

Intra-Group cash pooling allows Group companies to use the surplus liquidity of other company units to cover their liquidity requirements. This reduces the Group’s amount of debt and thus its interest expenses. Furthermore, the expertise bundled in CECONOMY AG’s Treasury department is used to advise and assist Group companies in all relevant financial matters. This extends from planning financing of investment projects to assisting the financial officers of the individual Group companies in their talks with local banks and financial service providers. This firstly ensures the optimized use of CECONOMY’s financial resources and secondly that all Group companies benefit from CECONOMY’s financial standing in terms of their financing conditions.

Credit risks

Credit risks arise from a full or partial default by a counterparty, for instance as a result of insolvency, or in the context of financial investments and asset-side derivative financial instruments. CECONOMY’s maximum default exposure as of the closing date is reflected by the carrying amounts of its financial assets and totals €2,547 million (30/09/2022: €2,527 million).

There was no material collateral for financial assets as of the closing date.

The cash holdings included in “Cash and cash equivalents” of €61 million (30/09/2022: €48 million) are not subject to any significant risk of default.

In the context of the management of financial investments of €753 million (30/09/2022: €611 million) and asset side derivative financial instruments of €0 million (30/09/2022: €1 million), minimum credit requirements and individual maximum exposures have been defined for all business partners of CECONOMY. Cheques and money in transit are not included in the calculation of credit risks. The basis for this is a system of limits set out in Treasury policies, which are essentially based on ratings provided by international rating agencies, the development of the credit default swap or internal credit checks. Every counterparty of CECONOMY is assigned an individual limit, compliance with which is monitored on an ongoing basis.

As of 30 September 2023, around 79 per cent (30/09/2022: around 89 per cent) of the investment volume was placed with investment grade counterparties, in other words, those with good or very good credit ratings. The counterparties that do not yet have an internationally recognized rating are renowned financial institutions whose credit can be considered impeccable on the basis on analyses. CECONOMY also operates in countries whose financial institutions do not have an investment grade on account of their country’s rating. It is necessary and reasonable to cooperate with these institutions for reasons specific to the countries in question and in terms of cost and efficiency considerations. These institutions account for around 18 per cent of the total volume (30/09/2022: around 10 per cent).

CECONOMY’s exposure to credit risks from financial investments is therefore low.

CECONOMY considers the probability of default when recognizing an asset for the first time, and determines whether the credit risk has increased steadily in each reporting period. In order to assess whether the credit risk has increased significantly, the company compares the asset’s risk of default as of the closing date to its risk of default as of the date of first-time recognition. All available, appropriate and forward-looking information is taken into account, including the following indicators in particular:

– Internal rating models

– External credit information (if available)

– Actual or anticipated substantial negative changes in a borrower’s business situation or financial position that are expected to substantially alter its ability to settle its obligations

– Significant increases in credit risk on other financial instruments of the same borrower

– Material changes in the borrower’s expected performance and behaviour, including changes in the borrower’s payment status within the Group and changes in the borrower’s operating results

Macroeconomic information (such as market interest rates or growth rates) and other forward-looking information are taken into account in the internal rating model. For trade and provider receivables, these are taken into account in the corresponding operating segment by means of a forecast for the subsequent year of the annual change in company insolvencies.

The above analysis notwithstanding, a significant increase in credit risk is presumed if an obligor’s contractual payment is more than 30 days past due. Financial assets are transferred from level 1 or 2 to level 3 as soon as there is objective evidence of impairment. The CECONOMY Group also uses indicators including the following:

– Significant financial difficulty of the debtor

– A breach of contract, such as default or delinquency in interest and/or principal payment

– Disappearance of an active market for the financial asset in question

– Concessions granted for economic or contractual reasons due to the financial difficulty of the debtor

– Increased probability of bankruptcy or forfeiture procedures

It is also considered whether a financial asset is in default if the counterparty makes no contractual payments within 90 days of the due date. Financial assets are derecognized if there is no reasonable expectation of repayments, for example if an obligor does not agree a repayment plan with the company. The company still undertakes enforcement measures when loans or receivables are derecognized to attempt to collect the amount due. If amounts are claimed in return, these are recognized through profit or loss.

No significant changes were made to estimation techniques or assumptions in the reporting period.

Cash flow risks
A change in future interest rates can cause cash flows from variable interest asset and liability items to fluctuate. Stress tests are used to determine the impact interest rate changes could have on cash flows and how they can be limited by hedges in line with internal Treasury policies.

38. CONTINGENT LIABILITIES
CECONOMY's contingent liabilities amounted to €42 million as of 30 September 2023 (30/09/2022: €18 million). These relate to bank guarantees, income taxes and VAT.

39. OTHER FINANCIAL LIABILITIES
The nominal value of other financial liabilities is €207 million as of 30 September 2023 (30/09/2022: €170 million) and essentially includes purchase obligations for service agreements.

The spin-off of the former METRO GROUP in financial year 2016/2017 gives rise to a legal contingent liability from a five- or ten-year continuing liability in accordance with Sec. 133 para. 1 and 3 of the German Transformation Act (UmwG). The legal entities involved in the spin-off are liable as joint and several debtors for the liabilities (five years) and the pension obligations (ten years) of CECONOMY AG as the transferring legal entity that had been in existence since before the spin-off entered into force. The related five-year period of continuing liability has now ended. The total liability in connection with the remaining continuing liability from pension obligations is immaterial. In addition, the risk of this contingent liability being utilized is considered unlikely on the basis of publicly available information, in particular METRO AG's rating.

↗ Please see note 19 "Other intangible assets", note 20 "Property, plant and equipment" and note 21 "Right-of-use assets" for details of purchase obligations for other intangible assets, property, plant and equipment and lease obligations.

40. OTHER LEGAL MATTERS
CECONOMY is not currently involved in legal disputes, investigations or other legal matters that could have a material influence on CECONOMY's economic situation or otherwise be of significant importance for CECONOMY.

41. EVENTS AFTER CLOSING DATE
No events that have a material impact on the assessment of the earnings, financial and asset position of CECONOMY AG and CECONOMY occurred between the closing date (30/09/2023) and the date of the preparation of the consolidated financial statements (13/12/2023).

42. NOTES ON RELATED PARTIES

Related parties with significant influence
As the parent company of CECONOMY, CECONOMY AG is not controlled by any company. The Haniel Group holds a 16.7 per cent stake in CECONOMY AG and, as it is represented on the Supervisory Board, has significant influence on CECONOMY AG, which is disclosed as an associate in Haniel's consolidated financial statements. CECONOMY did not enter into any material transactions with the Haniel Group in financial year 2022/23 or in the previous year 2021/22.

Convergenta Invest GmbH (Convergenta) is a German investment and holding company and has held a stake in CECONOMY AG since June 2022. With 29.2 per cent of shares, it is CECONOMY AG's largest shareholder. As part of the investment in CECONOMY AG, Convergenta was granted convertible bonds in a total nominal amount of €151 million in addition to the ordinary shares already acquired. The convertible bonds give Convergenta the right to acquire new ordinary shares through conversion at any time until July 2027.

Business relations between CECONOMY and Convergenta primarily comprise leasing locations for the MediaMarktSaturn Retail Group's electronics stores and administrative buildings. Lease payments including incidental costs amounted to €11 million in financial year 2022/23.

Obligations arising under the leases with Convergenta mature in subsequent years as follows:

Future lease payments (nominal) in € million	30/09/2023
Up to 1 year	10
1 to 5 years	26
Over 5 years	7
	43

In accordance with IFRS 16, these lease liabilities are recognized at present value and included in financial liabilities. Except for the lease liabilities, there are no other liabilities to or receivables from Convergenta.

Business relations with related parties are contractually agreed at arm's-length conditions.

Member of the key management personnel

In accordance with IAS 24, key management personnel at CECONOMY comprises the Management Board and the Supervisory Board of CECONOMY AG. Other than their remuneration, no further services were granted or received between CECONOMY and key management personnel. The reportable remuneration of key management personnel within the Group according to IAS 24 comprises that paid to active Management Board and Supervisory Board members.

Remuneration for members of the Management Board and the Supervisory Board active during financial year 2022/23 in accordance with IAS 24 totalled €6.8 million in financial year 2022/23 (2021/22: €5.2 million). €5.7 million (2021/22: €4.4 million) of this relates to short-term benefits (not including share-based payment), €0.2 million (2021/22: €0.3 million) to post-employment benefits and €0.9 million (2021/22: €0.1 million) to share-based payment. There were no termination benefits in the reporting period (2021/22: €0.5 million).

↗ The basic features of the remuneration system and the amount of remuneration for the members of the Management Board and the Supervisory Board in accordance with HGB are presented in note 48 "Management Board and Supervisory Board". Further details on Management Board and Supervisory Board remuneration can be found in the remuneration report.

Other transactions with related parties in the form of associates

In financial year 2022/23, an agreement was concluded with Fnac Darty S.A. regarding the sale of MediaMarktSaturn's Portugal business. Fnac Darty Portugal, a wholly owned subsidiary of Fnac Darty S.A., will acquire 100 per cent of MediaMarkt Portugal including the ten store locations, the online business and the roughly 450 employees. After the approval of the relevant competition authorities, closing took place on 30 September 2023.

↗ Further details on the transfer of the Portuguese MediaMarkt business can be found under note 27 Assets held for sale/liabilities related to assets held for sale.

On 14 February 2023, CECONOMY announced that MediaMarktSaturn, the subsidiary of CECONOMY AG, and the Nordic electronics retailer Power International AS ("Power") had concluded talks regarding a strategic transaction and a joint future for the Swedish business. It was agreed that Power Retail Sweden AB, a wholly owned subsidiary of Power, would acquire 100 per cent of MediaMarkt Sweden. In return, CECONOMY would receive a minority stake of 20 per cent in Power Retail Sweden AB. Since the transaction was closed on 1 August 2023, Power Retail Sweden AB has been a related party of CECONOMY AG. There were no material transactions in financial year 2022/23.

↗ Further details on the transfer of the Swedish MediaMarkt business can be found under note 27 Assets held for sale/liabilities related to assets held for sale.

There were no transactions with related parties other than those referred to in financial year 2022/23 (2021/22: €0 million).

43. EXECUTIVES' LONG-TERM INCENTIVE

The LTI tranches, PPP2021 and PPP2022, were largely replaced as part of a one-time offer in financial year 2021/22, and so the provision as of 30 September 2022 in these tranches amounted to €0.00 million.

The provision for the last remaining LTI tranche (PPP 2020) as of 30 September 2022 was €0.34 million. This tranche was paid out to all CECONOMY AG beneficiaries in financial year 2022/23 with a payment amount of €0.22 million.

No tranches were issued for financial year 2022/23.

44. MANAGEMENT BOARD AND SUPERVISORY BOARD

Remuneration of members of the Management Board in financial year 2022/23
In accordance with the remuneration system valid for financial year 2022/23, the remuneration of active members of the Management Board comprises non-performance-based fixed remuneration components and performance-based variable remuneration components. The fixed non-performance-based remuneration consists of the fixed annual salary, the contributions for the post-service benefit plan and other supplemental benefits (contributions to accident insurance, allowances for health/nursing insurance, assumption of costs for preventive health care, provision of a company car). The performance-based remuneration components are variable remuneration as a short-term incentive (STI) for the respective financial year and variable remuneration as a long-term incentive (LTI) over several financial years.

↗ Deviations from the remuneration system in financial year 2022/23 are explained in detail in the remuneration report. The remuneration report has also been made permanently available on the company's website www.ceconomy.de/en/ under Company – Corporate Governance.

The STI for financial year 2022/23 was calculated using financial and non-financial performance criteria. These are based on the following key performance indicators, in the case of the first three performance criteria in accordance with the company's consolidated financial statements (also adjusted for the effects of portfolio changes, for example):

– Earnings before interest and taxes (EBIT) on the basis of absolute EBIT values

– Sales growth adjusted for exchange rates

– Net working capital (NWC) on the basis of absolute NWC values (four-quarter average)

– Customer satisfaction (NPS)

Provisions of €1.6 million (2021/22: €0.4 million) were recognized for STI payments to (active and former) members of the Management Board.

The LTI is granted annually and paid out after a performance period of four financial years in total. The expenses for the LTI are recognized proportionately over the four-year performance period. A requirement for the payment is that the entitled member of the Management Board of the company can prove the necessary investment in ordinary shares of the company according to the company's shareholding programme. The payment amount is limited to a maximum of 200 per cent of the agreed individual target amount (payment cap). If a member joins or leaves the Management Board during a financial year, the LTI is granted and paid pro rata temporis for that financial year.

The calculation for the LTI tranche issued as of 1 October 2022 considers financial performance targets with a weighting of 70 per cent and non-financial performance targets with a weighting of 30 per cent. The financial performance criteria, which are equally weighted, are the absolute total shareholder return (aTSR) and the relative total shareholder return (rTSR). Non-financial targets relating to climate and environmental protection, diversity and employee satisfaction were defined for the tranche of the LTI issued on 1 October 2022.

Remuneration for members of the Management Board active in financial year 2022/23 (calculated in accordance with DRS 17 pursuant to HGB) amounts to €5.4 million (2021/22: €3.5 million). €0.4 million relates to a one-time payment to Dr Kai-Ulrich Deissner to compensate him for disadvantages resulting from the termination of his previous activities. In accordance with the provisions of the Management Board contract of Dr Kai-Ulrich Deissner, the net payment amount from this payment must be invested in company shares under the shareholding programme. The figures shown for the previous year relate to members of the Management Board in office in financial year 2021/22.

For the tranche of the LTI starting at the beginning of financial year 2022/23, the target amounts are €1.1 million for Dr Karsten Wildberger, €0.35 million for Dr Kai-Ulrich Deissner and €0.13 million for Mr Florian Wieser. The fair value calculated by external assessors according to a recognized actuarial method at the time of granting this LTI tranche is €0.92 million for Dr Wildberger, €0.29 million for Dr Deissner and €0.11 million for Mr Wieser. For active and former members of the Management Board, the provisions for all outstanding tranches of the LTI amount to €0.9 million (2021/22: €0.3 million).

The company post-employment benefit plan for members of the Management Board takes the form of a reinsured direct commitment with a defined contribution component. It is funded jointly by the Management Board and the company. If Management Board members contribute five per cent of their own defined assessment basis, the company adds double that amount. Contributions by the company to the post-employment benefit plan are capped at €100,000 per year in each case.

The present value of the obligation volume for pension entitlements in accordance with IFRS for Management Board members active in financial year 2022/23 is €0.8 million (2021/22: €0.6 million). The present value of the obligation volume for pension entitlements in accordance with HGB for Management Board members active in financial year 2022/23 is €0.8 million (2021/22: €0.6 million). The figures shown for the previous year relate to members of the Management Board in office in financial year 2021/22.

Total remuneration of former members of the Management Board
Pension benefits of €3.2 million (2021/22: €3.1 million) were paid for former members of the Management Board of CECONOMY AG and of companies merged into CECONOMY AG and their surviving dependants in financial year 2022/23.

The present value of obligations for ongoing pensions and pension entitlements in accordance with IFRS for former Management Board members is €37.1 million (2021/22: €42.6 million). The corresponding present value of the obligation volume for ongoing pensions and pension entitlements in accordance with HGB for former Management Board members is €43.1 million (2021/22: €44.6 million).

Remuneration of Supervisory Board members
The total remuneration of all members of the Supervisory Board for financial year 2022/23 amounts to €2.0 million (2021/22: €2.0 million).

↗ Further information on the remuneration of Management Board and Supervisory Board members can be found in the remuneration report.

45. GROUP AUDITOR’S FEES

The total fee shown below was charged for services provided by the auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC).

€ million	2021/22 KPMG	2022/23 PwC
Audit of financial statements	7	6
Other assurance services	1	0
Tax consultation services	0	0
Other services	0	0
Group auditor’s fees	**8**	**6**

Only services in compliance with the engagement of the auditor of the annual financial statements and the consolidated financial statements of CECONOMY AG were performed.

PwC’s fee for audits of financial statements primarily relates to the audit of the consolidated financial statements of CECONOMY AG including the related work on IFRS Reporting Packages from consolidated subsidiaries and the annual financial statements of CECONOMY AG and various subsidiaries, including statutory extensions of scope. Reviews of interim financial statements and related IFRS Reporting Packages were also performed.

Other assurance services include, for example, voluntary assurance services in connection with the audit of the separate non-financial group report with limited assurance and certification relating to waste disposal and recycling obligations. Other services mainly relate to fees for project-related advisory services.

46. DECLARATION OF CONFORMITY REGARDING THE RECOMMENDATIONS OF THE GERMAN CORPORATE GOVERNANCE CODE

The declaration of conformity issued jointly by the Management Board and the Supervisory Board pursuant to Sec. 161 para. 1 AktG on the recommendations of the Government Commission of the German Corporate Governance Code dated September 2023 and previous declarations of conformity and supplements to declarations of conformity are made permanently available to the public by CECONOMY AG on its website www.ceconomy.de/en/ under Company – Corporate Governance.

47. EXEMPTIONS ACCORDING TO SEC. 264 PARA. 3 AND SEC. 264 B HGB

The following domestic subsidiaries in the legal form of a corporation or partnership have exercised the simplification option according to Sec. 264 para. 3 HGB and Sec. 264 b HGB, respectively and therefore refrain from disclosing their 2022/23 annual financial statement documentation and mostly from preparing the (HGB) notes and management report.

Operating companies and service entities	
CECONOMY Data GmbH	Düsseldorf
CECONOMY Digital GmbH	Düsseldorf
CECONOMY Dreizehnte Gesellschaft für Vermögensverwaltung mbH	Ingolstadt
CECONOMY Invest GmbH	Düsseldorf
CECONOMY Retail GmbH	Düsseldorf
CECONOMY Retail International GmbH	Düsseldorf
Imtron GmbH	Ingolstadt
Media Markt CCLXXV TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt
Media Markt CCXCVI TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt
Media Markt GmbH TV-HiFi-Elektro	Munich
Media Markt Magdeburg-City	Magdeburg
MEDIA MARKT TV-HiFi-Elektro GmbH	Bad Dürrheim
MEDIA Markt TV-Hifi-Elektro GmbH	Belm
MEDIA Markt TV-HiFi-Elektro GmbH	Hallstadt
Media Markt TV-HiFi-Elektro GmbH	Herzogenrath
Media Markt TV-HiFi-Elektro GmbH	Lüneburg
Media Markt TV-HiFi-Elektro GmbH	Peißen
Media Markt TV-HiFi-Elektro GmbH	Porta Westfalica/Minden
Media Markt TV-HiFi-Elektro GmbH	Schwentinental
Media Markt TV-HiFi-Elektro GmbH Aachen	Aachen
Media Markt TV-HiFi-Elektro GmbH Aalen	Aalen
Media Markt TV-HiFi-Elektro GmbH Albstadt	Albstadt
Media Markt TV-HiFi-Elektro GmbH Alzey	Alzey
Media Markt TV-HiFi-Elektro GmbH Amberg	Amberg
MEDIA MARKT TV-HiFi-Elektro GmbH Ansbach	Ansbach
MEDIA Markt TV-HiFi-Elektro GmbH Aschaffenburg	Aschaffenburg
MEDIA Markt TV-HiFi-Elektro GmbH Augsburg	Augsburg
Media Markt TV-HiFi-Elektro GmbH Augsburg-Göggingen	Augsburg
MEDIA MARKT TV-HiFi-Elektro GmbH Bad Kreuznach	Bad Kreuznach
Media Markt TV-HiFi-Elektro GmbH Baden-Baden	Baden-Baden
MEDIA Markt TV-Hifi-Elektro GmbH Bayreuth	Bayreuth
Media Markt TV-HiFi-Elektro GmbH Bergisch Gladbach	Bergisch Gladbach
MEDIA Markt TV-Hifi-Elektro GmbH Berlin-Biesdorf	Berlin
Media Markt TV-HiFi-Elektro GmbH Berlin-Charlottenburg	Berlin
MEDIA Markt TV-HiFi-Elektro GmbH Berlin-Gropiusstadt	Berlin
Media Markt TV-HiFi-Elektro GmbH Berlin-Hohenschönhausen	Berlin
Media Markt TV-HiFi-Elektro GmbH Berlin-Mitte	Berlin
MEDIA Markt TV-HiFi-Elektro GmbH Berlin-Neukölln	Berlin
Media Markt TV-HiFi-Elektro GmbH Berlin-Prenzlauer Berg	Berlin
Media Markt TV-HiFi-Elektro GmbH Berlin-Schöneweide	Berlin
MEDIA MARKT TV-HiFi-Elektro GmbH Berlin-Spandau	Berlin
Media Markt TV-HiFi-Elektro GmbH Berlin-Steglitz	Berlin
MEDIA MARKT TV-HiFi-Elektro GmbH Berlin-Tegel	Berlin
Media Markt TV-HiFi-Elektro GmbH Berlin-Tempelhof	Berlin
MEDIA MARKT TV-HiFi-Elektro GmbH Berlin-Wedding	Berlin
MEDIA Markt TV-Hifi-Elektro GmbH Bielefeld	Bielefeld
Media Markt TV-HiFi-Elektro GmbH Bischofsheim	Bischofsheim
Media Markt TV-HiFi-Elektro GmbH Bochum	Bochum
Media Markt TV-HiFi-Elektro GmbH Bochum-Ruhrpark	Bochum

Operating companies and service entities

Media Markt TV-HiFi-Elektro GmbH Bonn	Bonn
Media Markt TV-HiFi-Elektro GmbH Brandenburg an der Havel	Brandenburg an der Havel
Media Markt TV-HiFi-Elektro GmbH Braunschweig	Braunschweig
Media Markt TV-HiFi-Elektro GmbH Bremen	Bremen
Media Markt TV-HiFi-Elektro GmbH Bremen-Habenhausen	Bremen
Media Markt TV-HiFi-Elektro GmbH Bremen-Waterfront	Bremen
Media Markt TV-HiFi-Elektro GmbH Bruchsal	Bruchsal
Media Markt TV-HiFi-Elektro GmbH Buchholz in der Nordheide	Buchholz
Media Markt TV-HiFi-Elektro GmbH Buxtehude	Buxtehude
MEDIA MARKT TV-HiFi-Elektro GmbH Castrop-Rauxel	Castrop-Rauxel
Media Markt TV-HiFi-Elektro GmbH Chemnitz	Chemnitz
Media Markt TV-HiFi-Elektro GmbH Chemnitz-Röhrsdorf	Chemnitz
Media Markt TV-HiFi-Elektro GmbH Coburg	Coburg
Media Markt TV-HiFi-Elektro GmbH Cottbus/Groß Gaglow	Cottbus
Media Markt TV-HiFi-Elektro GmbH Dessau	Dessau-Roßlau
MEDIA MARKT TV-HiFi-Elektro GmbH Dietzenbach	Dietzenbach
Media Markt TV-HiFi-Elektro GmbH Donauwörth	Donauwörth
Media Markt TV-HiFi-Elektro GmbH Dorsten	Dorsten
Media Markt TV-HiFi-Elektro GmbH Dortmund-Hörde	Dortmund
Media Markt TV-HiFi-Elektro GmbH Dortmund-Oespel	Dortmund
Media Markt TV-HiFi-Elektro GmbH Dresden Centrum	Dresden
MEDIA MARKT TV-HiFi-Elektro GmbH Dresden-Mickten	Dresden
MEDIA Markt TV-HiFi-Elektro GmbH Duisburg	Duisburg
Media Markt TV-HIFI-Elektro GmbH Düren	Düren
Media Markt TV-HiFi-Elektro GmbH Düsseldorf	Düsseldorf
MEDIA MARKT TV-HiFi-Elektro GmbH Egelsbach	Egelsbach
Media Markt TV-HiFi-Elektro GmbH Eiche	Ahrensfelde
Media Markt TV-HiFi-Elektro GmbH Eisenach	Eisenach
Media Markt TV-HiFi-Elektro GmbH Eislingen	Eislingen
Media Markt TV-HiFi-Elektro GmbH Elmshorn	Elmshorn
Media Markt TV-HiFi-Elektro GmbH Emden	Emden
Media Markt TV-HiFi-Elektro GmbH Erding	Erding
Media Markt TV-HiFi-Elektro GmbH Erfurt Thüringen-Park	Erfurt
Media Markt TV-HiFi-Elektro GmbH Erfurt-Daberstedt	Erfurt
Media Markt TV-HiFi-Elektro GmbH Erlangen	Erlangen
Media Markt TV-HiFi-Elektro GmbH Eschweiler	Eschweiler
MEDIA MARKT TV-HiFi-Elektro GmbH Essen	Essen
MEDIA Markt TV-Hifi-Elektro GmbH Esslingen	Esslingen am Neckar
Media Markt TV-HiFi-Elektro GmbH Fellbach	Fellbach
Media Markt TV-HiFi-Elektro GmbH Flensburg	Flensburg
Media Markt TV-HiFi-Elektro GmbH Frankfurt	Frankfurt am Main
MEDIA MARKT TV-HiFi-Elektro GmbH Frankfurt-Borsigallee	Frankfurt am Main
MEDIA MARKT TV-HiFi-Elektro GmbH Freiburg	Freiburg im Breisgau
MEDIA MARKT TV-HiFi-Elektro GmbH Friedrichshafen	Friedrichshafen
MEDIA Markt TV-HiFi-Elektro GmbH Fulda	Fulda
Media Markt TV-HiFi-Elektro GmbH Gifhorn	Gifhorn
Media Markt TV-Hifi-Elektro GmbH Goslar	Goslar
MEDIA MARKT TV-HiFi-Elektro GmbH Göttingen	Göttingen
Media Markt TV-HiFi-Elektro GmbH Greifswald	Greifswald
Media Markt TV-HiFi-Elektro GmbH Gründau-Lieblos	Gründau-Lieblos
Media Markt TV-HiFi-Elektro GmbH Günthersdorf	Leuna
Media Markt TV-HiFi-Elektro GmbH Gütersloh	Gütersloh
Media Markt TV-HiFi-Elektro GmbH Halberstadt	Halberstadt
MEDIA MARKT TV-Hifi-Elektro GmbH Halstenbek	Halstenbek
Media Markt TV-HiFi-Elektro GmbH Hamburg-Altona	Hamburg

Operating companies and service entities

Media Markt TV-HiFi-Elektro GmbH Hamburg-Billstedt	Hamburg
MEDIA MARKT TV-HiFi-Elektro GmbH Hamburg-Harburg	Hamburg
Media Markt TV-HiFi-Elektro GmbH Hamburg-Hummelsbüttel	Hamburg
MEDIA MARKT TV-HiFi-Elektro GmbH Hamburg-Nedderfeld	Hamburg
MEDIA MARKT TV-HiFi-Elektro GmbH Hamburg-Wandsbek	Hamburg
Media Markt TV-HiFi-Elektro GmbH Hameln	Hameln
Media Markt TV-HiFi-Elektro GmbH Hanau	Hanau
Media Markt TV-HiFi-Elektro GmbH Hannover-Vahrenheide	Hanover
MEDIA MARKT TV-HiFi-Elektro GmbH Hannover-Wülfel	Hanover
Media Markt TV-HiFi-Elektro GmbH Heide	Heide
MEDIA Markt TV-HiFi-Elektro GmbH Heidelberg	Heidelberg
MEDIA MARKT TV-HiFi-Elektro GmbH Heidelberg-Rohrbach	Heidelberg
Media Markt TV-HiFi-Elektro GmbH Heilbronn	Heilbronn
Media Markt TV-HiFi-Elektro GmbH Henstedt-Ulzburg	Henstedt-Ulzburg
Media Markt TV-HiFi-Elektro GmbH Heppenheim	Heppenheim (Bergstraße)
Media Markt TV-HiFi-Elektro GmbH Hildesheim	Hildesheim
MEDIA MARKT TV-HiFi-Elektro GmbH Hof	Hof
Media Markt TV-HiFi-Elektro GmbH Homburg/Saar	Homburg
Media Markt TV-HiFi-Elektro GmbH Hückelhoven	Hückelhoven
Media Markt TV-HiFi-Elektro GmbH Idar-Oberstein	Idar-Oberstein
Media Markt TV-HiFi-Elektro GmbH Itzehoe	Itzehoe
Media Markt TV-HiFi-Elektro GmbH Jena	Jena
Media Markt TV-HiFi-Elektro GmbH Kaiserslautern	Kaiserslautern
Media Markt TV-HiFi-Elektro GmbH Karlsfeld	Karlsfeld
Media Markt TV-HiFi-Elektro GmbH Karlsruhe	Karlsruhe
Media Markt TV-HiFi-Elektro GmbH Karlsruhe-Ettlinger Tor	Karlsruhe
Media Markt TV-HiFi-Elektro GmbH Kassel	Kassel
Media Markt TV-HiFi-Elektro GmbH Kempten	Kempten (Allgäu)
Media Markt TV-HiFi-Elektro GmbH Kerpen	Kerpen
Media Markt TV-HiFi-Elektro GmbH Kiel	Kiel
Media Markt TV-HiFi-Elektro GmbH Kiel-Sophienhof	Kiel
Media Markt TV-HiFi-Elektro GmbH Kirchheim	Kirchheim
MEDIA MARKT TV-HiFi-Elektro GmbH Koblenz	Koblenz
Media Markt TV-HiFi-Elektro GmbH Köln Hohe Straße	Cologne
Media Markt TV-HiFi-Elektro GmbH Köln-Kalk	Cologne
Media Markt TV-HiFi-Elektro GmbH Köln-Marsdorf	Cologne
MEDIA MARKT TV-Hifi-Elektro GmbH Konstanz	Konstanz
Media Markt TV-HiFi-Elektro GmbH Krefeld	Krefeld
Media Markt TV-HiFi-Elektro GmbH Kulmbach	Kulmbach
MEDIA MARKT TV-HiFi-Elektro GmbH Lahr	Lahr
Media Markt TV-Hifi-Elektro GmbH Landau/Pfalz	Landau in der Pfalz
Media Markt TV-HiFi-Elektro GmbH Landsberg/Lech	Landsberg am Lech
Media Markt TV-HiFi-Elektro GmbH Landshut	Landshut
Media Markt TV-HiFi-Elektro GmbH Leinfelden-Echterdingen	Stuttgart
Media Markt TV-HiFi-Elektro GmbH Leipzig Höfe am Brühl	Leipzig
MEDIA Markt TV-Hifi-Elektro GmbH Leipzig-Paunsdorf	Leipzig
MEDIA MARKT TV-HiFi-Elektro GmbH Limburg	Limburg
Media Markt TV-HiFi-Elektro GmbH Lingen	Lingen
MEDIA MARKT TV-HiFi-Elektro GmbH Lübeck	Lübeck
Media Markt TV-HiFi-Elektro GmbH Ludwigsburg	Ludwigsburg
MEDIA Markt TV-Hifi-Elektro GmbH Ludwigshafen	Ludwigshafen/Rh.
Media Markt TV-HiFi-Elektro GmbH M232	Ingolstadt
Media Markt TV-HiFi-Elektro GmbH M258	Ingolstadt
MEDIA MARKT TV-HiFi-Elektro GmbH Magdeburg	Magdeburg
MEDIA MARKT TV-HiFi-Elektro GmbH Magdeburg-Bördepark	Magdeburg

Operating companies and service entities

Media Markt TV-HiFi-Elektro GmbH Main-Taunus-Zentrum	Sulzbach
MEDIA Markt TV-Hifi-Elektro GmbH Mainz	Mainz
Media Markt TV-HiFi-Elektro GmbH Mannheim	Mannheim
Media Markt TV-HiFi-Elektro GmbH Mannheim-City	Mannheim
Media Markt TV-HiFi-Elektro GmbH Mannheim-Sandhofen	Mannheim
MEDIA MARKT TV-HiFi-Elektro GmbH Marburg	Marburg
MEDIA MARKT TV-HiFi-Elektro GmbH Marktredwitz	Marktredwitz
Media Markt TV-HiFi-Elektro GmbH Meerane	Meerane
Media Markt TV-HiFi-Elektro GmbH Memmingen	Memmingen
Media Markt TV-HiFi-Elektro GmbH Mönchengladbach	Mönchengladbach
Media Markt TV-HiFi-Elektro GmbH Mühldorf/Inn	Mühldorf a. Inn
Media Markt TV-HiFi-Elektro GmbH Mülheim	Mülheim an der Ruhr
MEDIA MARKT TV-HiFi-Elektro GmbH München-Haidhausen	Munich
Media Markt TV-HiFi-Elektro GmbH München-Pasing	Munich
MEDIA Markt TV-Hifi-Elektro GmbH München-Solln	Munich
MEDIA Markt TV-Hifi-Elektro GmbH Münster	Münster
Media Markt TV-Hifi-Elektro GmbH Nagold	Nagold
MEDIA MARKT TV-Hifi-Elektro GmbH Neubrandenburg	Neubrandenburg
Media Markt TV-HiFi-Elektro GmbH Neuburg an der Donau	Neuburg an der Donau
Media Markt TV-HiFi-Elektro GmbH Neumünster	Neumünster
Media Markt TV-HiFi-Elektro GmbH Neunkirchen	Neunkirchen
Media Markt TV-HiFi-Elektro GmbH Neuss	Neuss
Media Markt TV-HiFi-Elektro GmbH Neustadt an der Weinstraße	Neustadt/Weinstraße
Media Markt TV-HiFi-Elektro GmbH Neu-Ulm	Neu-Ulm
Media Markt TV-HiFi-Elektro GmbH Neuwied	Neuwied
MEDIA MARKT TV-HiFi-Elektro GmbH Nienburg	Nienburg
Media Markt TV-HiFi-Elektro GmbH Nordhausen	Nordhausen
MEDIA MARKT TV-HiFi-Elektro GmbH Nordhorn	Nordhorn
MEDIA Markt TV-Hifi-Elektro GmbH Nürnberg-Kleinreuth	Nuremberg
MEDIA MARKT TV-HiFi-Elektro GmbH Nürnberg-Langwasser	Nuremberg, Langwasser district
Media Markt TV-Hifi-Elektro GmbH Nürnberg-Schoppershof	Nuremberg
MEDIA MARKT TV-HiFi-Elektro GmbH Offenburg	Offenburg
Media Markt TV-HiFi-Elektro GmbH Oldenburg	Oldenburg
Media Markt TV-HiFi-Elektro GmbH Oststeinbek	Oststeinbek
MEDIA MARKT TV-HiFi-Elektro GmbH Paderborn	Paderborn
Media Markt TV-HiFi-Elektro GmbH Papenburg	Papenburg
Media Markt TV-HiFi-Elektro GmbH Passau	Passau
Media Markt TV-HiFi-Elektro GmbH Peine	Peine
Media Markt TV-HiFi-Elektro GmbH Pforzheim	Pforzheim
MEDIA MARKT TV-HiFi-Elektro GmbH Pirmasens	Pirmasens
MEDIA Markt TV-Hifi-Elektro GmbH Plauen	Plauen
MEDIA MARKT TV-HiFi-Elektro GmbH Potsdam	Potsdam
MEDIA MARKT TV-HiFi-Elektro GmbH Ravensburg	Ravensburg
MEDIA MARKT TV-HiFi-Elektro GmbH Recklinghausen	Recklinghausen
Media Markt TV-HiFi-Elektro GmbH Regensburg	Regensburg
Media Markt TV-HiFi-Elektro GmbH Rendsburg	Rendsburg
Media Markt TV-HiFi-Elektro GmbH Reutlingen	Reutlingen
MEDIA MARKT TV-HiFi-Elektro GmbH Rheine	Rheine
MEDIA MARKT TV-HiFi-Elektro GmbH Rosenheim	Rosenheim
Media Markt TV-HiFi-Elektro GmbH Rostock	Sievershagen b. Rostock
Media Markt TV-HiFi-Elektro GmbH Rostock-Brinckmansdorf	Rostock
MEDIA MARKT TV-HiFi-Elektro GmbH Saarbrücken	Saarbrücken
Media Markt TV-HiFi-Elektro GmbH Saarbrücken-Saarterrassen	Saarbrücken
Media Markt TV-HiFi-Elektro GmbH Saarlouis	Saarlouis
Media Markt TV-HiFi-Elektro GmbH Schiffdorf-Spaden	Schiffdorf-Spaden

Operating companies and service entities

Media Markt TV-HiFi-Elektro GmbH Schwabach	Schwabach
Media Markt TV-HiFi-Elektro GmbH Schwedt	Schwedt/Oder
Media Markt TV-HiFi-Elektro GmbH Schweinfurt	Schweinfurt
Media Markt TV-HiFi-Elektro GmbH Schwerin	Schwerin
Media Markt TV-HiFi-Elektro GmbH Siegen	Siegen
MEDIA MARKT TV-HiFi-Elektro GmbH Sindelfingen	Sindelfingen
MEDIA MARKT TV-HiFi-Elektro GmbH Singen	Singen
Media Markt TV-HiFi-Elektro GmbH Sinsheim	Sinsheim
Media Markt TV-HiFi-Elektro GmbH Speyer	Speyer
Media Markt TV-HiFi-Elektro GmbH Stade	Stade
Media Markt TV-HiFi-Elektro GmbH Stadthagen	Stadthagen
Media Markt TV-HiFi-Elektro GmbH Stralsund	Stralsund
Media Markt TV-HiFi-Elektro GmbH Straubing	Straubing
Media Markt TV-HiFi-Elektro GmbH Stuhr	Stuhr
Media Markt TV-HiFi-Elektro GmbH Stuttgart-Feuerbach	Stuttgart
Media Markt TV-HiFi-Elektro GmbH Traunreut	Traunreut
Media Markt TV-HiFi-Elektro GmbH Traunstein	Traunstein
MEDIA MARKT TV-HiFi-Elektro GmbH Trier	Trier
Media Markt TV-HiFi-Elektro GmbH Tübingen	Tübingen
MEDIA MARKT TV-HiFi-Elektro GmbH Ulm	Ulm
MEDIA MARKT TV-HiFi-Elektro GmbH Velbert	Velbert
MEDIA MARKT TV-HiFi-Elektro GmbH Viernheim	Viernheim
MEDIA MARKT TV-HiFi-Elektro GmbH Waltersdorf bei Berlin	Schönefeld
Media Markt TV-HiFi-Elektro GmbH Weiden	Weiden i.d.OPf.
Media Markt TV-HiFi-Elektro GmbH Weilheim	Weilheim
Media Markt TV-HiFi-Elektro GmbH Weiterstadt	Weiterstadt
Media Markt TV-HiFi-Elektro GmbH Wetzlar	Wetzlar
Media Markt TV-HiFi-Elektro GmbH Wiesbaden	Wiesbaden
Media Markt TV-HiFi-Elektro GmbH Wiesbaden-Äppelallee	Wiesbaden
Media Markt TV-HiFi-Elektro GmbH Wolfsburg	Wolfsburg
Media Markt TV-HiFi-Elektro GmbH Worms	Worms
Media Markt TV-HiFi-Elektro GmbH Wuppertal	Wuppertal
Media Markt TV-HiFi-Elektro GmbH Würzburg	Würzburg
Media Markt TV-HiFi-Elektro GmbH Würzburg - Alfred-Nobel-Straße	Würzburg
MEDIA MARKT TV-HiFi-Elektro GmbH Zella-Mehlis	Zella-Mehlis
MEDIA MARKT TV-HiFi-Elektro GmbH Zwickau	Zwickau
Media Markt TV-HiFi-Elektro Licht GmbH Ingolstadt	Ingolstadt
Media Markt Wolfsburg-City	Wolfsburg
Media Markt zwei TV-HiFi-Elektro GmbH Dresden-Prohlis	Dresden
MediaMarktSaturn Augsburg GmbH	Augsburg
MediaMarktSaturn Berlin-Spandau GmbH	Berlin
MediaMarktSaturn Beschaffung und Logistik GmbH	Ingolstadt
MediaMarktSaturn Bochum-Hattingen GmbH	Bochum
MediaMarktSaturn Bremen GmbH	Bremen
MediaMarktSaturn Deutschland vierte Beteiligungsgesellschaft mbH	Ingolstadt
MediaMarktSaturn Dortmund GmbH	Dortmund
MediaMarktSaturn Frankfurt-Offenbach GmbH	Frankfurt am Main
MediaMarktSaturn Freiburg-Müllheim GmbH	Freiburg im Breisgau
MediaMarktSaturn fünfte Beteiligungsgesellschaft mbH	Ingolstadt
MediaMarktSaturn Global Business Services GmbH	Ingolstadt
MediaMarktSaturn GmbH München	Munich
MediaMarktSaturn Hagen-Iserlohn GmbH	Hagen
MediaMarktSaturn Hamburg GmbH	Hamburg
MediaMarktSaturn Karlsruhe GmbH	Karlsruhe
MediaMarktSaturn Koblenz GmbH	Koblenz

Operating companies and service entities	
MediaMarktSaturn Köln GmbH	Cologne
MediaMarktSaturn Logistik Erfurt GmbH	Erfurt
MediaMarktSaturn Markenlizenz GmbH	Grünwald, district of Munich
MediaMarktSaturn Markenservice GmbH & Co. KG	Grünwald, district of Munich
MediaMarktSaturn Markenservice Holding GmbH	Ingolstadt
MediaMarktSaturn Markenservice Verwaltungs-GmbH	Grünwald, district of Munich
MediaMarktSaturn Plattform Services GmbH	Munich
MediaMarktSaturn Retail Group GmbH	Ingolstadt
MediaMarktSaturn sechste Beteiligungsgesellschaft mbH	Ingolstadt
MediaMarktSaturn siebte Beteiligungsgesellschaft mbH	Ingolstadt
MediaMarktSaturn Zwickau GmbH	Zwickau
Media-Saturn Deutschland Beteiligungsgesellschaft mbH	Ingolstadt
Media-Saturn Deutschland GmbH	Ingolstadt
Media-Saturn Helvetia Holding GmbH	Ingolstadt
Media-Saturn Marketing GmbH	Munich
Media-Saturn-Holding GmbH	Ingolstadt
MMS E-Commerce GmbH	Ingolstadt
MMS Intangibles GmbH & Co. KG	Ingolstadt
MMS MyDelivery GmbH	Ingolstadt
MMS Portfolio GmbH	Munich
MMS Retail International GmbH	Düsseldorf
MMS Technology GmbH	Ingolstadt
MWFS Zwischenholding GmbH & Co. KG	Düsseldorf
MWFS Zwischenholding Management GmbH	Düsseldorf
my-xplace GmbH	Ingolstadt
Power Service GmbH	Cologne
Saturn Electro-Handelsgesellschaft m.b.H. Remscheid	Remscheid
Saturn Electro-Handelsgesellschaft mbH Ansbach	Ansbach
Saturn Electro-Handelsgesellschaft mbH Bad Homburg	Bad Homburg v.d. Höhe
Saturn Electro-Handelsgesellschaft mbH Bad Oeynhausen	Bad Oeynhausen
Saturn Electro-Handelsgesellschaft mbH Baunatal	Baunatal
Saturn Electro-Handelsgesellschaft mbH Berlin I	Berlin
Saturn Electro-Handelsgesellschaft mbH Berlin-Charlottenburg	Berlin
Saturn Electro-Handelsgesellschaft mbH Berlin-Friedrichshain	Berlin
Saturn Electro-Handelsgesellschaft mbH Berlin-Gesundbrunnen	Berlin
Saturn Electro-Handelsgesellschaft mbH Berlin-Köpenick	Berlin
Saturn Electro-Handelsgesellschaft mbH Berlin-Leipziger Platz	Berlin
Saturn Electro-Handelsgesellschaft mbH Berlin-Marzahn	Berlin
Saturn Electro-Handelsgesellschaft mbH Berlin-Schloßstraße	Berlin
Saturn Electro-Handelsgesellschaft mbH Bielefeld	Bielefeld
Saturn Electro-Handelsgesellschaft mbH Bocholt	Bocholt
Saturn Electro-Handelsgesellschaft mbH Braunschweig	Braunschweig
Saturn Electro-Handelsgesellschaft mbH Celle	Celle
Saturn Electro-Handelsgesellschaft mbH Chemnitz	Chemnitz
Saturn Electro-Handelsgesellschaft mbH Darmstadt	Darmstadt
Saturn Electro-Handelsgesellschaft mbH Dortmund-Eving	Dortmund
Saturn Electro-Handelsgesellschaft mbH Dresden	Dresden
Saturn Electro-Handelsgesellschaft mbH Duisburg	Duisburg
Saturn Electro-Handelsgesellschaft mbH Erfurt	Erfurt
Saturn Electro-Handelsgesellschaft mbH Erlangen	Erlangen
Saturn Electro-Handelsgesellschaft mbH Essen	Essen
Saturn Electro-Handelsgesellschaft mbH Esslingen	Esslingen am Neckar
Saturn Electro-Handelsgesellschaft mbH Euskirchen	Euskirchen
Saturn Electro-Handelsgesellschaft mbH Flensburg	Flensburg
Saturn Electro-Handelsgesellschaft mbH Freising	Freising

Operating companies and service entities

Saturn Electro-Handelsgesellschaft mbH Gießen	Gießen
Saturn Electro-Handelsgesellschaft mbH Gummersbach	Gummersbach
Saturn Electro-Handelsgesellschaft mbH Hamm	Hamm
Saturn Electro-Handelsgesellschaft mbH Hannover	Hanover
Saturn Electro-Handelsgesellschaft mbH Hilden	Hilden
Saturn Electro-Handelsgesellschaft mbH Ingolstadt	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH Isernhagen	Isernhagen
Saturn Electro-Handelsgesellschaft mbH Jena	Jena
Saturn Electro-Handelsgesellschaft mbH Kaiserslautern	Kaiserslautern
Saturn Electro-Handelsgesellschaft mbH Kassel	Kassel
Saturn Electro-Handelsgesellschaft mbH Kempten	Kempten (Allgäu)
Saturn Electro-Handelsgesellschaft mbH Kleve	Kleve
Saturn Electro-Handelsgesellschaft mbH Krefeld	Krefeld
Saturn Electro-Handelsgesellschaft mbH Landshut	Landshut
Saturn Electro-Handelsgesellschaft mbH Leipzig	Leipzig
Saturn Electro-Handelsgesellschaft mbH Leipzig-Hauptbahnhof	Leipzig
Saturn Electro-Handelsgesellschaft mbH Leonberg	Leonberg
Saturn Electro-Handelsgesellschaft mbH Lübeck	Lübeck
Saturn Electro-Handelsgesellschaft mbH Lüdenscheid	Lüdenscheid
Saturn Electro-Handelsgesellschaft mbH Ludwigsburg	Ludwigsburg
Saturn Electro-Handelsgesellschaft mbH Ludwigshafen	Ludwigshafen/Rhein
Saturn Electro-Handelsgesellschaft mbH Lünen	Lünen
Saturn Electro-Handelsgesellschaft mbH Mainz	Mainz
Saturn Electro-Handelsgesellschaft mbH Marl	Marl
Saturn Electro-Handelsgesellschaft mbH Moers	Moers
Saturn Electro-Handelsgesellschaft mbH Mülheim	Mülheim an der Ruhr
Saturn Electro-Handelsgesellschaft mbH München-Riem	Munich
Saturn Electro-Handelsgesellschaft mbH Münster	Münster
Saturn Electro-Handelsgesellschaft mbH Neckarsulm	Neckarsulm
Saturn Electro-Handelsgesellschaft mbH Neu-Isenburg	Neu-Isenburg
Saturn Electro-Handelsgesellschaft mbH Norderstedt	Norderstedt
Saturn Electro-Handelsgesellschaft mbH Nürnberg	Nuremberg
Saturn Electro-Handelsgesellschaft mbH Oberhausen	Oberhausen
Saturn Electro-Handelsgesellschaft mbH Oldenburg	Oldenburg
Saturn Electro-Handelsgesellschaft mbH Osnabrück	Osnabrück
Saturn Electro-Handelsgesellschaft mbH Passau	Passau
Saturn Electro-Handelsgesellschaft mbH Pforzheim	Pforzheim
Saturn Electro-Handelsgesellschaft mbH Potsdam	Potsdam
Saturn Electro-Handelsgesellschaft mbH Regensburg	Regensburg
Saturn Electro-Handelsgesellschaft mbH Reutlingen	Reutlingen
Saturn Electro-Handelsgesellschaft mbH Rostock	Rostock
Saturn Electro-Handelsgesellschaft mbH S007	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S030	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S032	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S042	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S050	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S059	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S081	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S104	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S214	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S251	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S310	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S314	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S320	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S321	Ingolstadt

Operating companies and service entities	
Saturn Electro-Handelsgesellschaft mbH S325	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S329	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S337	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S356	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH Saarbrücken	Saarbrücken
Saturn Electro-Handelsgesellschaft mbH Senden	Senden
Saturn Electro-Handelsgesellschaft mbH Solingen	Solingen
Saturn Electro-Handelsgesellschaft mbH Stuttgart	Stuttgart
Saturn Electro-Handelsgesellschaft mbH Troisdorf	Troisdorf
Saturn Electro-Handelsgesellschaft mbH Weimar	Weimar
Saturn Electro-Handelsgesellschaft mbH Wiesbaden	Wiesbaden
Saturn Mega Markt GmbH Wuppertal	Wuppertal
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Aachen
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Hürth
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Leverkusen
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Mönchengladbach
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Sankt Augustin
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Siegen
Saturn Techno-Markt Electro-Handelsgesellschaft mbH Düsseldorf - Königsallee	Düsseldorf
Saturn Techno-Markt Electro-Handelsgesellschaft mbH Köln	Cologne
Saturn Techno-Markt Electro-Handelsgesellschaft mbH Neuss	Neuss
Saturn-Mega Markt GmbH Halle	Halle (Saale)
Tec-Repair GmbH	Wolnzach
xplace GmbH	Göttingen

48. OVERVIEW OF MATERIAL FULLY CONSOLIDATED GROUP COMPANIES

			30/09/2022	30/09/2023
Name	Country	Registered office	Share in %	Share in %
CECONOMY AG	Germany	Düsseldorf		
Media-Saturn-Holding GmbH	Germany	Ingolstadt	100.0	100.0
Media-Saturn Deutschland GmbH	Germany	Ingolstadt	100.0	100.0
MediaMarkt Österreich GmbH	Austria	Vösendorf	100.0	100.0
MEDIA MARKT SATURN, S.A. UNIPERSONAL	Spain	El Prat de Llobregat	100.0	100.0
Mediamarket S.p.A.con Socio Unico	Italy	Verano Brianza	100.0	100.0
Media Markt Saturn Holding Nederland B.V.	Netherlands	Rotterdam	100.0	100.0
Media Saturn Holding Polska Sp.z.o.o.	Poland	Warsaw	100.0	100.0
MEDİA MARKT TURKEY TİCARET LİMİTED ŞİRKETİ	Türkiye	Istanbul	100.0	100.0

49. CORPORATE BODIES OF CECONOMY AG AND THEIR MANDATES

Members of the Supervisory Board[1]

Thomas Dannenfeldt (Chairman of the Supervisory Board)
Self-employed entrepreneur, St. Augustin
a) None
b) Nokia Oyj, Espoo, Finland

Jürgen Schulz (Vice Chairman since 14/07/2023)
Chairman of the Works Council, Saturn Electro Handelsgesellschaft mbH, Bielefeld
Service Department Manager, Saturn Electro Handelsgesellschaft mbH, Bielefeld
a) None
b) None

Katrin Adt
Vice President Corporate Audit, Mercedes-Benz Group AG, Stuttgart
a) None
b) None

Wolfgang Baur (until 03/03/2023)
Chairman of the Works Council, Saturn Techno-Electro-Handelsgesellschaft mbH, Cologne
Logistics Department Manager, Saturn Techno-Electro-Handelsgesellschaft mbH, Cologne
a) None
b) None

Kirsten Joachim Breuer (until 03/03/2023)
Deputy Managing Director, IG Metall Geschäftsstelle Erfurt, Erfurt
a) None
b) None

Karin Dohm
Member of the Management Board, HORNBACH Baumarkt AG, Bornheim, and HORNBACH Management AG, Annweiler
a) HORNBACH Immobilien AG, Bornheim
b) Danfoss A/S, Nordborg, Denmark, Non-Executive Director

Daniela Eckardt
Leader of the checkout/online team, Saturn Alexanderplatz, Berlin
Member of the Works Council, Saturn Alexanderplatz, Berlin
a) None
b) None

Sabine Eckhardt
Supervisory Board member, self-employed senior advisor and investor, Munich
a) UniCredit Bank AG, Munich
Edel SE & Co. KGaA, Hamburg (Chairwoman of the Supervisory Board, since 01/04/2023)
b) None

Thomas Fernkorn (until 03/03/2023)
Vice President Corporate Controlling, Media-Saturn-Holding GmbH, Ingolstadt
a) None
b) None

[1] As of 15 December 2023
a) Memberships in other supervisory boards mandated by the law according to Sec. 125 para. 1 sent. 5, alt. 1 AktG
b) Memberships in comparable German and international controlling bodies of business enterprises according to Sec. 125 para. 1 sent. 5, alt. 2 AktG

Dr Florian Funck
Member of the Management Board of Franz Haniel & Cie. GmbH, Duisburg
a) TAKKT AG, Stuttgart
Vonovia SE, Bochum
b) Innovation City Management GmbH, Bottrop

Ludwig Glosser
Lead Problem Manager and Sourcing Manager, MMS Technology GmbH, Ingolstadt
Chairman of the Works Council, MMS Technology GmbH, Ingolstadt
a) None
b) None

Corinna Groß (since 03/03/2023)
Trade union secretary, ver.di, NRW region
a) Adler Modemärkte GmbH, Haibach
b) None

Doreen Huber
Self-employed entrepreneur and investor
Partner, EQT Ventures, Stockholm, Sweden
a) None
b) Domino's Pizza Enterprises Ltd., Australia, Non-Executive Director

Stefan Infanger (since 03/03/2023)
Chairman of the Works Council, Tec-Repair GmbH, Wolnzach
Service technician, Tec-Repair GmbH, Wolnzach
a) None
b) None

Jürgen Kellerhals
Self-employed entrepreneur
a) None
b) None

Maria Laube (since 03/03/2023)
Chairwoman of the Works Council, MediaMarkt Rosenheim
Retail management assistant, large appliances department, MediaMarkt, Rosenheim
a) None
b) None

Paul Lehmann (since 03/03/2023)
Trade union secretary, ver.di Upper Franconia
a) None
b) None

Julian Norberg (since 03/03/2023)
Division Manager and Authorized Signatory Operational Excellence, Media-Saturn Deutschland GmbH, Ingolstadt
a) None
b) None

Stefanie Nutzenberger (until 03/03/2023)
Member of the Executive Committee of the Trade Union ver.di, Berlin
a) None
b) None

Claudia Plath
Member of the Management Board and Chief Financial Officer ECE Group GmbH & Co. KG, Hamburg
a) Deutsche EuroShop AG, Hamburg
b) MEC METRO-ECE Centermanagement GmbH & Co. KG, Düsseldorf

Jens Ploog (until 03/03/2023)
Chairman of the Works Council, Media-Saturn Deutschland GmbH, Ingolstadt
Senior Consultant Organization, Processes and Projects, Media-Saturn Deutschland GmbH, Ingolstadt
a) None
b) None

Dr Lasse Pütz (until 03/03/2023)
Lawyer at LLR Legerlotz Laschet und Partner Rechtsanwälte Partnerschaft mbB, Cologne
a) None
b) neue bahnstadt opladen GmbH, Leverkusen

Erich Schuhmacher
Head of Finance/Investment Controlling/Balance Sheets/Taxes, Convergenta Invest und Beteiligungs GmbH, Salzburg, Austria
Managing director of several shopping centres and retail companies in Germany and Austria
a) None
b) Tally Weijl Holding AG, Basel, Switzerland

Maren Ulbrich (since 03/03/2023)
Political Secretary in ver.di federal department B, federal specialist group for aviation and maritime business, Berlin
a) Hermes Fulfilment GmbH, Hamburg
b) None

Christoph Vilanek
CEO of freenet AG, Büdelsdorf
a) Ströer Management SE and Ströer SE & Co. KGaA, Cologne
EXARING AG, Munich
VNR Verlag für die Deutsche Wirtschaft AG, Bonn
b) None

Sylvia Woelke (Vice Chairwoman until 14/07/2023)
Chairwoman of the Works Council of the joint operation MediaMarktSaturn Retail Group GmbH, Media-Saturn Deutschland GmbH & MediaMarktSaturn Beschaffung und Logistik GmbH
Manager Corporate Risk Management & Internal Controls, MediaMarktSaturn Retail Group GmbH
a) None
b) None

Committees of the Supervisory Board and their composition

Presidential Committee
Thomas Dannenfeldt (Chairman)
Sylvia Woelke
Katrin Adt
Jens Ploog (until 03/03/2023)
Jürgen Schulz (since 03/03/2023)

Audit Committee
Karin Dohm (Chairwoman)
Sylvia Woelke (Vice Chairwoman)
Claudia Plath
Dr Florian Funck
Ludwig Glosser
Jürgen Schulz (until 14/07/2023)
Corinna Groß (since 14/07/2023)

Nomination Committee
Sabine Eckhardt (Chairwoman)
Thomas Dannenfeldt
Christoph Vilanek

Mediation Committee pursuant to Sec. 27 para. 3 of the German Co-determination Act (MitbestG)
Thomas Dannenfeldt (Chairman)
Sylvia Woelke (until 03/03/2023)
Ludwig Glosser (until 03/03/2023)
Stefan Infanger (since 03/03/2023)
Claudia Plath
Jürgen Schulz (since 03/03/2023)

Members of the Management Board[2]

Dr Karsten Wildberger (Chief Executive Officer and Labour Director)
a) Forschungszentrum Jülich GmbH, Jülich
b) None

Florian Wieser (Chief Financial Officer, until 31/12/2022)
a) None
b) None

Sabine Eckhardt (member of the Management Board, January 2023)
a) UniCredit Bank AG, Munich
Edel SE & Co. KGaA, Hamburg (Chairwoman of the Supervisory Board, since 01/04/2023)
b) None

Dr Kai-Ulrich Deissner (Chief Financial Officer since 01/02/2023)
a) None
b) None

50. SHAREHOLDINGS OF CECONOMY AG AS OF 30 SEPTEMBER 2023 IN ACCORDANCE WITH SEC. 313 HGB

The disclosures on the shareholdings of CECONOMY AG and the CECONOMY Group, which are part of these financial statements, can be found in a separate appendix to the notes.

↗ The full list of all Group companies and associates in accordance with Sec. 313 HGB is available on the website www.ceconomy.de/en/ under Investor Relations – Publications.

[2] As of 15 December 2023
a) Memberships in other supervisory boards mandated by the law according to Sec. 125 para. 1 sent. 5, alt. 1 AktG
b) Memberships in comparable German and international controlling bodies of business enterprises according to Sec. 125 para. 1 sent. 5, alt. 2 AktG

13 December 2023

The Management Board

Dr Karsten Wildberger

Dr Kai-Ulrich Deissner

INDEPENDENT AUDITOR'S REPORT

TO CECONOMY AG, DÜSSELDORF

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Audit Opinions

We have audited the consolidated financial statements of CECONOMY AG, Düsseldorf, and its subsidiaries (the Group), which comprise the statement of financial position as at 30 September 2023, the reconciliation from profit or loss to total comprehensive income, the income statement, the statement of changes in equity and the cash flow statement for the financial year from 1 October 2022 to 30 September 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of CECONOMY AG, which is combined with the Company's management report, for the financial year from 1 October 2022 to 30 September 2023. In accordance with the German legal requirements, we have not audited the content of the disclosures marked as unaudited in the sections "Overall statement by the Management Board of CECONOMY AG on CECONOMY's business performance", "Features of the internal control system", "Opportunity and risk report", "Compliance management system" and "Earnings, financial and asset position" of the group management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 30 September 2023, and of its financial performance for the financial year from 1 October 2022 to 30 September 2023, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the disclosures referred to above.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISAs). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 October 2022 to 30 September 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

1. Recoverability of inventories

2. Recognition of compensation from suppliers under receivables

3. Recoverability of leasehold improvements and right-of-use assets

Our presentation of these key audit matters has been structured in each case as follows:

a) Matter and issue

b) Audit approach and findings

c) Reference to further information

Hereinafter we present the key audit matters:

1. RECOVERABILITY OF INVENTORIES

a) In the Company's consolidated financial statements a total of EUR 2,918 million (30 % of total assets) is reported under the "Inventories" consolidated balance sheet item. Inventories are initially recognized at cost in accordance with the average cost method. The carrying amount is reduced by payments from suppliers, which are classified as cost reductions. In addition, incidental acquisition costs are taken into account if they are directly attributable to the acquisition process. At the reporting date, the costs are compared against the net realizable values, which are determined by deducting the directly attributable selling costs to be incurred prior to the sale of the inventories from the sales proceeds expected to be generated. If the net realizable values are lower than the cost of the inventories, their carrying amount is written down by the amount of the difference. The net realizable values are generally determined based on an analysis of days inventory outstanding. The impairment test resulted in a write-down on inventories as of the reporting date amounting to EUR 73 million in total.

   The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the inputs for the analysis of days inventory outstanding and other factors having an influence on value, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

b) As part of our audit, we analyzed the impairment testing process and assessed identified internal controls with respect to implementation, appropriateness and effectiveness. Furthermore, we evaluated the key inputs used to calculate net realizable values based on historical data and our understanding of the business. We verified the accuracy of the calculation logic used in the impairment test. We were able to verify that the estimates and assumptions made by the executive directors in connection with the valuation of inventories were sufficiently documented and substantiated.

c) The Company's disclosures relating to the "Inventories" balance sheet item are contained in the "Accounting principles" section of the " Notes to the Group accounting principles and methods" and in note 25 of the notes to the consolidated financial statements.

2. RECOGNITION OF COMPENSATION FROM SUPPLIERS UNDER RECEIVABLES

a) In the Company's consolidated financial statements a total of EUR 1,207 million (13% of total assets) is reported under the "Receivables due from suppliers" consolidated balance sheet item. The Company and its suppliers enter into agreements concerning the subsequent granting of discounts, bonuses, rebates and other compensation. Depending on the type and timing of the payments granted, these agreements have a significant influence on not only the aforementioned balance sheet item but also on the Company's financial performance and the valuation of its inventories. These agreements are complex and require the use of judgments and estimates on the part of the executive directors, particularly in instances where the targets defined in the agreements relate to the calendar year and thus to a period that is different to the Group's financial year. Against this background, this matter was of particular significance in the context of our audit.

b) As part of our audit, we analyzed the process used to determine the compensation and assessed identified internal controls with respect to implementation, appropriateness and effectiveness. We furthermore verified the basis of the data used for selected agreements and assessed the accounting treatment. In addition, we verified the appropriateness of the judgments and estimates used by the executive directors. We also compared the previous year's estimates against the actual figures in order to judge the reliability of past estimates. We were able to verify that the estimates and assumptions made by the executive directors in connection with recognizing the compensation under receivables were sufficiently documented and substantiated.

c) The Company's disclosures relating to the recognition of supplier payments are contained in the "Statement of financial position" section of the "Notes to the Group accounting principles and methods" and relating to the "Receivables due from suppliers" balance sheet item are contained in note 23 of the notes to the consolidated financial statements.

3. RECOVERABILITY OF LEASEHOLD IMPROVEMENTS AND RIGHT-OF-USE ASSETS

a) In the Company's consolidated financial statements, a total of EUR 221 million in leasehold improvements and a total of EUR 1,676 million (17% of total assets) in "right-of-use assets" are reported under the "Other plant, business and office equipment" sub-line item of the "Property, plant and equipment" item in the consolidated balance sheet. The value of these leasehold improvements and right-of-use assets relates primarily to locations used for operating activities. Leasehold improvements and right-of-use assets are tested for impairment by the Company whenever there are indications of impairment to determine any possible need for write-downs. The impairment test takes place at the level of the cash-generating unit, which generally corresponds to the respective location, in accordance with IAS 36. The carrying amount of the relevant cash-generating unit is compared with the corresponding recoverable amount in the context of the impairment test. The recoverable amount is generally calculated on the basis of fair value less costs of disposal. The present value of the future cash flows from the respective cash-generating unit generally serves as the basis of valuation. Present values are calculated using discounted cash flow models. The multi-year planning for the individual locations forms the starting point for this. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the country-specific weighted average cost of capital for the respective cash-generating unit.

The impairment tests resulted in a write-down on leasehold improvements amounting to EUR 4 million in total. The right-of-use assets were written down by EUR 4 million and EUR 6 million in impairments were reversed.

The outcome of this valuation exercise is dependent to a large extent on the estimates made by the executive directors with respect to the future cash inflows from the respective cash-generating unit, the discount rate used, and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

b) As part of our audit, we assessed the methodology used for the purposes of performing the impairment test, among other things. After matching the future cash inflows used for the calculation against the multi-year business plan for the individual locations, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. With the knowledge that even relatively small changes in the discount rate applied can have a material impact on the recoverable amounts calculated in this way, we also focused our testing in particular on the parameters used to determine the discount rate applied, and evaluated the measurement model. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company. In addition, we verified the extent to which the planning projections from prior financial years deviated from the actual results and analyzed the material deviations.

Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

c) The Company's disclosures on the "Property, plant and equipment" and "Right-of-use assets" and impairment testing are contained in sections 20 and 21 of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information.

The other information comprises the disclosures marked as unaudited in the sections "Overall statement by the Management Board of CECONOMY AG on CECONOMY's business performance", "Features of the internal control system", "Opportunity and risk report", "Compliance management system" and "Earnings, financial and asset position"of the group management report as unaudited parts of the group management report.

The other information comprises further

- the statement on corporate governance pursuant to § 289 HGB and § 315d HGB
- the separate non-financial group report to comply with §§ 315b to 315c HGB
- the remuneration report pursuant to § 162 AktG [Aktiengesetz: German Stock Corporation Act], for which the supervisory board is also responsible
- all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and supplementary compliance with the ISAs will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

ASSURANCE OPINION

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file CECONOMYAG_KA+ZLB_ESEF-2023-09-30.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 October 2022 to 30 September 2023 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

BASIS FOR THE ASSURANCE OPINION

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE ESEF DOCUMENTS

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the consolidated financial statements and the group management report in accordance with § 328

Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

GROUP AUDITOR'S RESPONSIBILITIES FOR THE ASSURANCE WORK ON THE ESEF DOCUMENTS

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.

- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 22 February 2023. We were engaged by the supervisory board on 3 April 2023. We have been the group auditor of the CECONOMY AG, Düsseldorf, without interruption since the financial year 2022/2023.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Reference to an Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Verena Heineke.

Düsseldorf, 13 December 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Verena Heineke	Christian David Simon
Wirtschaftsprüferin	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

RESPONSIBILITY STATEMENT OF THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the combined management report includes a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

13 December 2023

The Management Board

Dr Karsten Wildberger

Dr Kai-Ulrich Deissner

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 financial year 2022/23.[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 to CECONOMY AG's Annual General Meeting, which is expected to take place on 14 February 2024, for approval in accordance with Sec. 120a para. 4 AktG.

The remuneration report for financial year 2021/22 was prepared in accordance with Sec. 162 AktG for the first time. It was approved by the General Meeting on 22 February 2023 with a majority of 98.6 per cent in accordance with Sec. 120a para. 4 AktG. The Management Board and Supervisory Board see this clear vote as validation of the format applied to the 2021/22 remuneration report. It is also essentially retained for the current remuneration report.

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 carried out for the first time by means of Supervisory Board resolutions in September and October 2020 ("2020 remuneration system"). The 2020 remuneration system applied 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 financial year 2022/23 and to present the amended system to the General Meeting for approval. The updated 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 2021 remuneration system is relevant for this remuneration report for financial year 2022/23. Unless expressly noted otherwise, the following information therefore refers to the 2021 remuneration system.

The Management Board contracts for Management Board members in office in financial year 2022/23 comply with 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.

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

[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.

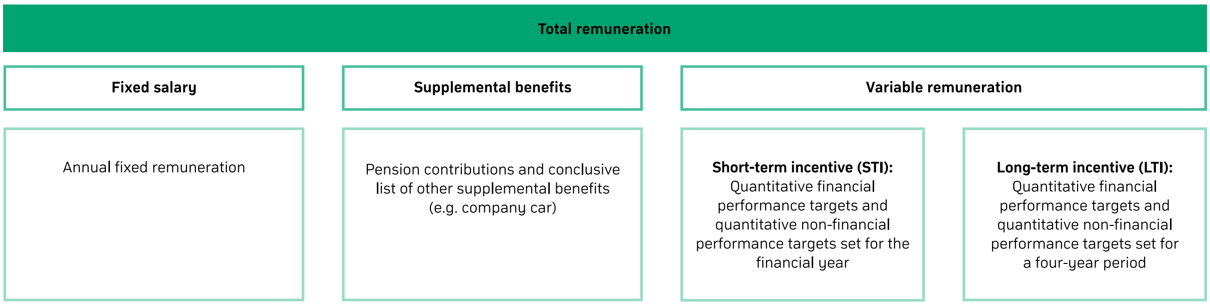
can temporarily deviate from this remuneration system. Such deviations are permitted only on the basis of a resolution by the Supervisory Board as a whole, setting out the reasons for and duration of the deviation. Temporary deviations from all components of the remuneration system and, in particular, 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 2021 remuneration system:

Components of Management Board remuneration

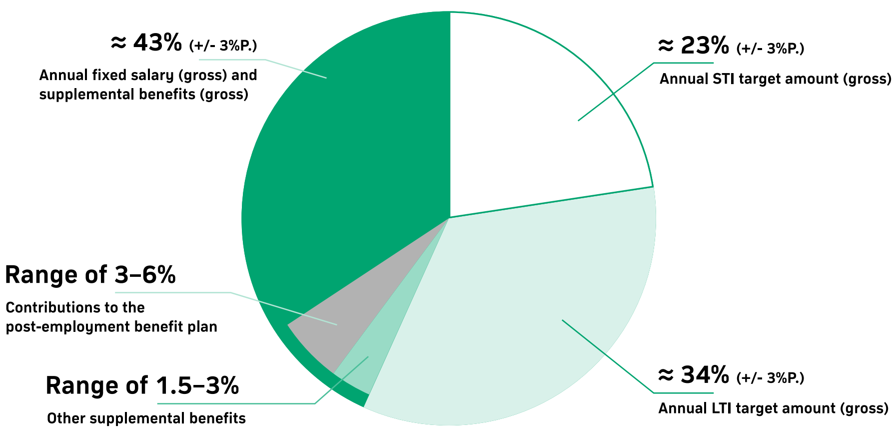


Total target remuneration is designed so that, typically, the target amounts of the variable remuneration components outweigh the fixed remuneration components (fixed salary and supplemental benefits) and that, within the variable remuneration components, the share of long-term variable remuneration 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. 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-employment 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 2022/23".

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. 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 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

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 financial year 2022/23 was calculated using financial and non-financial performance criteria. These are based on the following key performance indicators, in the case of the first three performance criteria in accordance with the company's consolidated financial statements (adjusted for the effects of portfolio changes):

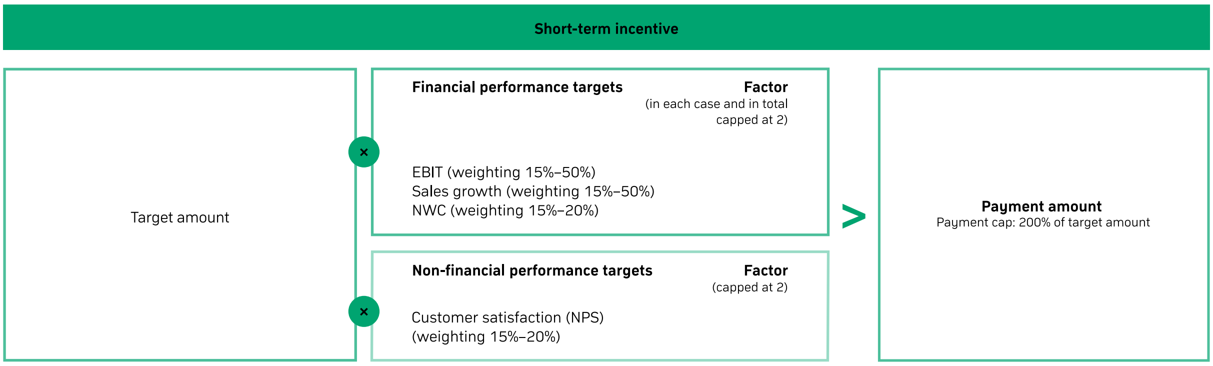
- Earnings before interest and taxes (EBIT) on the basis of absolute EBIT values

- Sales growth adjusted for exchange rates

- Net working capital (NWC) on the basis of absolute NWC values (four-quarter average)

- Customer satisfaction (NPS)

Short-term performance-based compensation



The above performance criteria are weighted at the Supervisory Board's due discretion. 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.

STI performance targets

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.

Calculation of the payment amount

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.

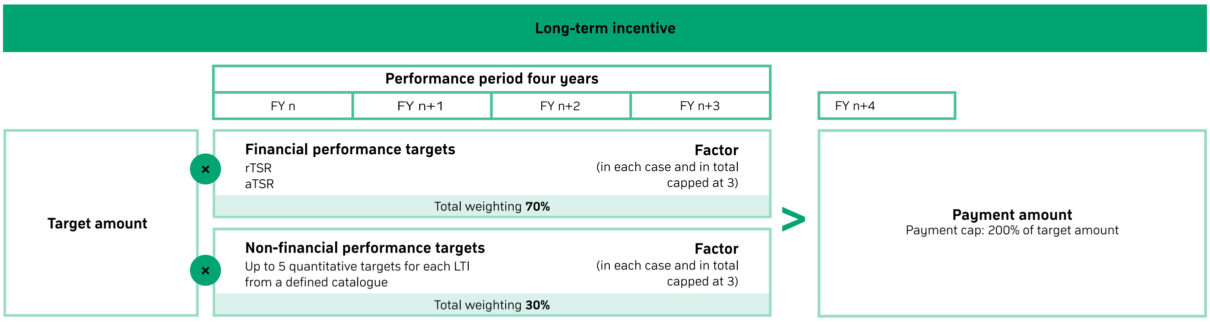
The total achievement factor is calculated from the individual established achievement factors based on their weighting. The STI payment amount is produced by multiplying the total achievement factor by the STI target amount. The payment amount is capped at double the target amount. Payment is made four 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 financial year 2022/23 are provided below under "Variable Management Board remuneration in financial year 2022/23".

LTI

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 2021 remuneration system considers financial performance targets with a weighting of 70 per cent and non-financial performance targets with a weighting of 30 per cent. The Supervisory Board also defines the LTI performance targets for all members of the Management Board uniformly. Compared with the 2020 remuneration system, the LTI of the 2021 remuneration system was modified by the introduction of vesting logic: In the 2021 remuneration system, the targets that were previously applicable over the entire four-year performance period of an LTI tranche are broken down into the four individual years of the performance period.

Long-term performance-based compensation



Financial performance targets of the LTI

The financial performance criteria, which are equally weighted with a typical combined weight of 70 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. One year later, the relevant end price for the respective tranche year 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 in accordance with the 2021 remuneration system, which are typically weighted at 30 per cent in total, are based on up to five quantitative targets specifically formulated by the Supervisory Board for the following subject areas:

- Employee 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.

Calculation of the LTI payment amount
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.

After the end of each financial year, the achievement factors are measured and recorded for the individual financial and non-financial performance targets in line with the "vesting logic" of the 2021 remuneration system. 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 in each case. The resulting total achievement factors of the financial performance targets and the non-financial performance targets are used to calculate the total achievement factor of the LTI for the respective year according to the defined weighting of the performance targets in relation to each other. This total achievement factor is likewise capped at 3. The total achievement factor of the LTI for the respective year is recorded. At the end of the four-year performance period, the target achievement factor for the total four-year period is then calculated as the arithmetic mean of the target achievement in each of the four years.

The target achievement factor calculated for the LTI for the four-year period 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).

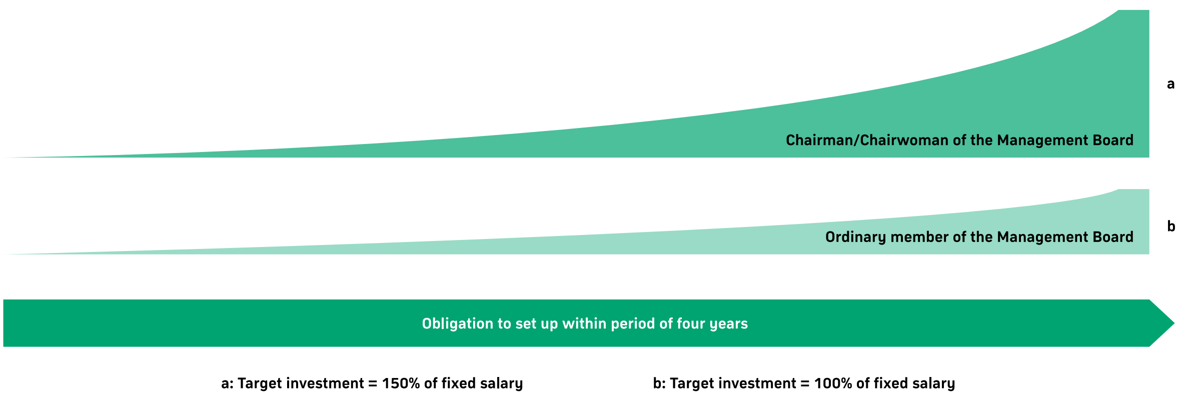
The remuneration amount calculated for the LTI is paid out after the end of the performance period of the LTI in question. A requirement for this is that the entitled member of the Management Board of the company can prove the necessary investment in ordinary shares of the company according to the company's 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 financial year 2022/23 are provided below under "Variable Management Board remuneration in financial year 2022/23".

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 the maximum amounts possible assuming the consistent and maximum utilization of the corresponding ranges.

The above maximum amounts were complied with in financial year 2022/23. Both the remuneration granted and owed to Dr Karsten Wildberger and the remuneration granted and owed to Dr Kai-Ulrich Deissner are below the aforementioned amounts (see "Remuneration granted and owed to members of the Management Board" below).

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. 4 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 who are entitled to variable remuneration. Neither the penalty nor the clawback regulations were utilized in financial year 2022/23.

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. 4 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.

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 May 2023 and showed that the total target remuneration for the Chief Executive Officer was placed at the .56 percentile (2022: .56 percentile) while the other members of the Management Board are placed at the .51 percentile (2022: .44 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.

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 2023 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
2022/23	10	73
2021/22	9	75
2020/21	7	76
2019/20	7	69
2018/19	7	82

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
2022/23	5	36
2021/22	4	35
2020/21	4	37
2019/20	4	37
2018/19	4	52

[2] For all peer groups, absences due to maternity protection or parental 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.

Variable Management Board remuneration in financial year 2022/23

This section of the remuneration report contains information on variable Management Board remuneration for financial year 2022/23. Variable remuneration in financial year 2022/23 met all requirements of the 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 (short-term incentive – STI) relating to the financial year creates incentives for continuously increasing operational success and customer satisfaction and for implementing initiatives to improve profitability. Its ongoing nature and the recurrent reference to key performance indicators for CECONOMY AG mean that the component is geared towards furthering the business strategy. The STI rewards the company's operating development on the basis of financial and non-financial performance targets for the respective financial year. The performance targets are based on EBIT, sales growth and net working capital (NWC) as key performance indicators (KPIs) that are important for CECONOMY AG and on the important non-financial performance target for measuring customer satisfaction (net promoter score – NPS).

The long-term performance-based remuneration component (long-term incentive – LTI) 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 financial performance targets of the LTI are therefore particularly geared towards the long-term development of the company. The non-financial targets are also intended to promote the company's sustainable and long-term development and to make it attractive to shareholders, who value this particularly highly. For example, targets relating to climate and environmental protection, diversity and employee satisfaction were defined for the tranche of the LTI issued for financial year 2022/23. 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 financial year 2022/23 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 financial year 2022/23. Only Management Board members entitled to variable remuneration components are shown.[3]

[3] For information on Ms Sabine Eckhardt, who exclusively received fixed remuneration components in financial year 2022/23, see "Deviations from the remuneration system".

Variable remuneration target amounts for financial year 2022/23

	Dr Karsten Wildberger Chief Executive Officer and Labour Director			Dr Kai-Ulrich Deissner Chief Financial Officer (since 01/02/2023)[1]		
€ thousand	100% target value	Minimum value	Maximum value	100% target value	Minimum value	Maximum value
One-year variable remuneration	750	0	1,500	350	0	700
Multi-year variable remuneration	1,100	0	2,200	525	0	1,050
Total	**1,850**	**0**	**3,700**	**875**	**0**	**1,750**

	Florian Wieser Chief Financial Officer (until 31/12/2022)[1]		
€ thousand	100% target value	Minimum value	Maximum value
One-year variable remuneration	375	0	750
Multi-year variable remuneration	525	0	1,050
Total	**900**	**0**	**1,800**

[1] For better comparability, the values stated refer to a full financial year. For financial year 2022/23, variable remuneration in accordance with the Management Board contracts of Dr Deissner and Mr Wieser 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 financial year 2022/23

The Supervisory Board resolved the one-year variable remuneration targets shown in the chart below for financial year 2022/23. The targets are set and weighted in accordance with the relevant 2021 remuneration system. 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 financial year 2022/23 (achievement factors) both for the individual performance targets and for overall target achievement.

On 15 December 2023, the Supervisory Board resolved to adjust the EBIT for the determination of STI target achievement by an earnings effect arising from legal risks relating to the potential repayment of COVID-19 assistance in connection changes in the legal environment in Austria and thus to account appropriately for extraordinary developments in line with the remuneration system.

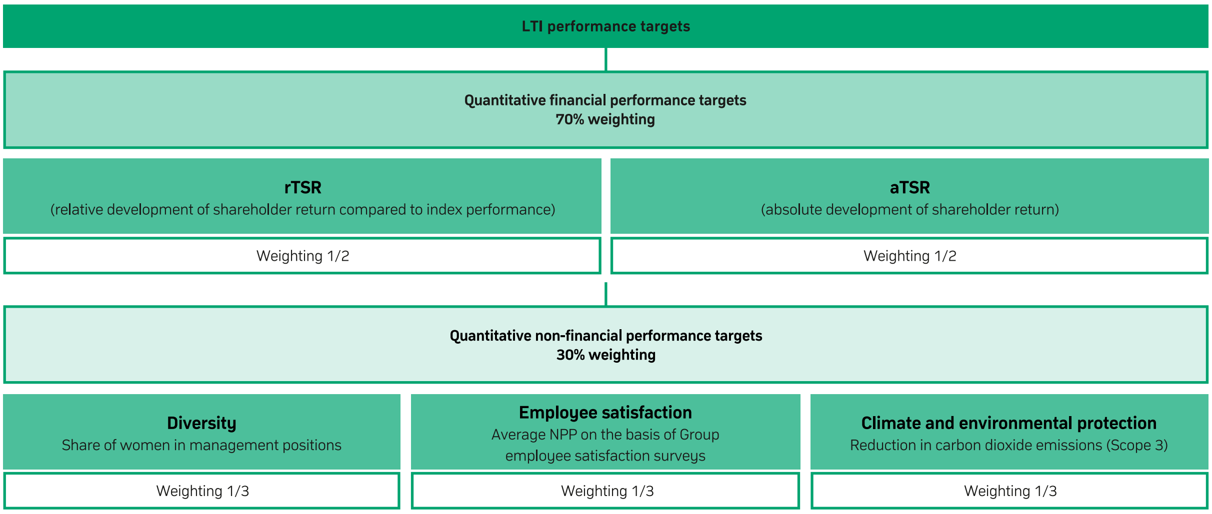
Performance targets and target achievement STI 2022/23

KPI	EBIT[1] in € million	Sales growth[2] in %	NPS[3] in score points	NWC[4] in € million
0% target value	193.79	±0.00	46.10	-655.91
100% target value	242.23	+2.20	50.10	-819.89
200% target value	290.68	+4.40	54.10	-983.86
Weighting	35%	25%	20%	20%
Target achievement	1.00x[5]	2.00x	1.85x	1.15x
Total bonus factor	1.45x			

[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 2022/23 compared with the forecast from 2021/22, which was the basis for the 2022/23 budget planning
[3] Net promoter score (customer satisfaction)
[4] Absolute net working capital (NWC) derived as an average from five points in time: 30 September 2022, budget of 31 December 2022, budget of 31 March 2023, budget of 30 June 2023 and budget of 30 September 2023
[5] Adjusted in the amount of +0.25x by a negative earnings effect arising from legal risks relating to the potential repayment of COVID-19 assistance in connection with changes in the legal environment in Austria

Targets for the LTI tranche granted for financial year 2022/23
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 2022/23 are as follows:

Performance targets of the long-term incentive 2022/23



The performance targets and weightings above are in line with the 2021 remuneration system relevant for financial year 2022/23.

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 who are entitled to long-term variable remuneration[4] are voluntarily disclosed below:

LTI fair values as per IFRS at the end of financial year 2022/23

€ thousand	Dr Karsten Wildberger Chief Executive Officer and Labour Director (since 01/08/2021)	Dr Kai-Ulrich Deissner Chief Financial Officer (since 01/02/2023)	Florian Wieser Chief Financial Officer (until 31/12/2022)
2020/21 tranche	47[1]	–	56[1]
2021/22 tranche	420	–	200
2022/23 tranche	1,129	359[1]	135[1]
Total	**1,596**	**359**	**391**

[1] Granted pro rate temporis due to Management Board service during only a part of the financial year

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, i.e. the underlying activity has already been performed and all the performance criteria are met. The timing of the actual payment is not necessarily

[4] For information on Ms Sabine Eckhardt, who exclusively received fixed remuneration components in financial year 2022/23, see “Deviations from the remuneration system”.

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 and owed for financial year 2022/23:

- Base salary and supplemental benefits paid in financial year 2022/23
- Special payments paid in financial year 2022/23 or to which an unconditional entitlement already existed in financial year 2022/23
- One-year variable remuneration payable for financial year 2022/23 (STI; actual payment in January 2024)

The degree of overall target achievement for the 2022/23 STI is 1.45, as shown above under "Variable Management Board remuneration in financial year 2022/23".

Remuneration granted and owed for financial year 2021/22 is also voluntarily disclosed below. For this, the following remuneration components were reported:

- Base salary and supplemental benefits paid in financial year 2021/22
- Special payments paid in financial year 2021/22 or to which an unconditional entitlement already existed in financial year 2021/22
- One-year variable remuneration paid for financial year 2021/22 (STI; actual payment in January 2023)

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 2022/23" 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 2021/22 and 2022/23, and so there is no need to disclose this as part of the remuneration granted and owed. The respective LTI tranches are reported after they expire in the financial year in which they are paid. The tranche of the LTI issued in financial year 2022/23 must therefore be reported in the remuneration report for financial year 2026/27, because only then will all the target achievement criteria for the calculation of the payment amount be known.

Remuneration granted and owed to members of the Management Board

	Dr Karsten Wildberger Chief Executive Officer and Labour Director (since 01/08/2021)				Dr Kai-Ulrich Deissner Chief Financial Officer (since 01/02/2023)			
	2021/22		2022/23		2021/22		2022/23	
€ thousand		In % of total remune-ration		In % of total remune-ration		In % of total remune-ration		In % of total remune-ration
Total fixed non-performance-based components	**1,381**	**83**	**1,372**	**56**	**–**	**–**	**887**	**72**
Fixed salary	1,350	81	1,350	55	–	–	467	38
Supplemental benefits	31	2	22	1	–	–	20	2
Special payments	–	–	–	–	–	–	400[1]	33
Total variable remuneration components	**277**	**17**	**1,087**	**44**	**–**	**–**	**338**	**28**
One-year variable remuneration (STI)	277	17	1,087	44	–	–	338	28
Multi-year variable remuneration (LTI)	–	–	–	–	–	–	–	–
Total remuneration pursuant to Sec. 162 AktG	**1,658**	**100**	**2,459**	**100**	**–**	**–**	**1,225**	**100**

[1] Payment to compensate for disadvantages experienced by Dr Deissner 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 2022/23, as well as remuneration granted and owed to this group of persons for financial year 2021/22. No tranches of the multi-year variable remuneration (LTI) expired or were paid out in financial years 2021/22 and 2022/23 for this group of persons, either.

Remuneration granted and owed to former members of the Management Board

	Sabine Eckhardt Management Board member (ad interim) (from 01/01/2023 to 31/01/2023)				Florian Wieser Chief Financial Officer (until 31/12/2022)			
	2021/22		2022/23		2021/22		2022/23	
€ thousand		In % of total remuneration		In % of total remuneration		In % of total remuneration		In % of total remuneration
Total fixed non-performance-based components	**–**	**–**	**140**	**100**	**1,082**	**89**	**157**	**54**
Fixed salary	–	–	–	–	600	49	150	51
Supplemental benefits	–	–	–	–	32	3	7	2
Special payments	–	–	140[1]	100	450[2]	37	–	–
Total variable remuneration components	**–**	**–**	**–**	**–**	**138**	**11**	**136**	**46**
One-year variable remuneration (STI)	–	–	–	–	138	11	136	46
Multi-year variable remuneration (LTI)	–	–	–	–	–	–	–	–
Total remuneration pursuant to Sec. 162 AktG	**–**	**–**	**140**	**100**	**1,220**	**100**	**293**	**100**

[1] Fixed remuneration for interim Management Board role in January 2023, see “Deviations from the remuneration system”
[2] Severance payment

Pension payments of €3.2 million (2021/22: €3.1 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 2022/23. This represents 100 per cent of the benefits granted to this group of persons.

Pension entitlements in financial year 2022/23

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 capital. 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 2022/23 financial year are as follows:

Pension entitlements (HGB and IFRS)

€ thousand	Dr Karsten Wildberger Chief Executive Officer and Labour Director	Dr Kai-Ulrich Deissner Chief Financial Officer (since 01/02/2023)	Florian Wieser Chief Financial Officer (until 31/12/2022)	Total
Expense – post-service benefit plan (as per IFRS)	121	70	25	**216**
Expense – post-service benefit plan (as per HGB)	85	85	7	**177**
Provision recognized to 30/09/2023 (as per IFRS)	31	15	0	**46**
Provision recognized by 30/09/2023 (as per HGB)	32	15	0	**47**
Present value of pension obligations (as per IFRS)	496	105	248	**849**
Present value of pension obligations (as per HGB)	496	105	248	**849**

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 22 February 2023 with a majority of 99.88 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 Sec. 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. The basic amount of the remuneration for the individual member is €70,000. Because of their special roles, the chair of the Supervisory Board receives triple and the vice chair receives double the remuneration of an ordinary Supervisory Board member.

In financial year 2021/22, the Supervisory Board reviewed the remuneration of the Supervisory Board members, discussed its findings with the Management Board, and jointly decided to propose to the General Meeting that the remuneration for the chair and members of the Nomination Committee be reduced by an amendment of Sec. 13 para. 2 of the articles of association. Previously, it was ruled for all committees – except the committee pursuant to Sec. 27 para. 2 of the German Co-determination Act (MitbestG) – that the committee chair received double and the other committee members received one and a half times the regular remuneration. In accordance with the resolution proposed by the Management Board and Supervisory Board, Sec. 13 para. 2 of the articles of association was amended by resolution of the Annual General Meeting on 22 February 2023 with a majority of 99.97 per cent of the votes cast to the effect that the remuneration for the chair of the Nomination Committee is reduced to one and a half times the regular remuneration and the remuneration for the other members of the Nomination Committee is reduced to one and a quarter times the regular remuneration. The remuneration of chairs and members of the other committees remained unchanged. In accordance with the resolution of the General Meeting, the amended remuneration of the Nomination Committee applies from the beginning of the month following the entry of the resolved amendment of the articles of association into the commercial register. This entry was made on 17 March 2023, so the amended remuneration of the Nomination Committee applies from 1 April 2023. Sec. 13 para. 4 of the articles of association regarding the remuneration of Supervisory Board members who depart during the year applies accordingly.

However, 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	3
Vice Chairman of the Supervisory Board	2
Committee Chairs	2
Committee members	1.5
Committee Chair (Nomination Committee)[1]	1.5
Committee members (Nomination Committee)[1]	1.25
Supervisory Board members	1

[1] From 1 April 2023

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 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.

In financial year 2022/2023, the remuneration system for the Supervisory Board was applied in all aspects in accordance with Sec. 13 of the company's articles of association – as last amended. The following table shows the remuneration granted and owed to current and former Supervisory Board members for financial year 2022/23, 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 2022/23

€ thousand	Additional functions	Fixed remuneration[1]
Thomas Dannenfeldt	Chairman of the Supervisory Board, Chairman of the Presidential Committee, Chairman of the Strategy Committee (since 02/08/2023), Chairman of the Mediation Committee and member of the Nomination Committee	210
Jürgen Schulz	Vice Chairman of the Supervisory Board (since 14/07/2023), member of the Presidential Committee (since 21/03/2023), member of the Audit Committee (until 14/07/2023), member of the Strategy Committee (since 02/08/2023) and member of the Mediation Committee (since 14/07/2023)	114
Katrin Adt	Member of the Presidential Committee	105
Wolfgang Baur (Supervisory Board member until 03/03/2023)		35
Kirsten Joachim Breuer (Supervisory Board member until 03/03/2023)		35
Karin Dohm	Chairwoman of the Audit Committee	140
Daniela Eckardt		70
Sabine Eckhardt (suspension of Supervisory Board mandate in January 2023 due to interim Management Board role)	Chairwoman of the Nomination Committee	111
Thomas Fernkorn (Supervisory Board member until 03/03/2023)		35
Dr Florian Funck	Member of the Audit Committee	105
Ludwig Glosser	Member of the Audit Committee and member of the Mediation Committee (until 14/07/2023)	105
Corinna Groß (Supervisory Board member since 03/03/2023)	Member of the Audit Committee (since 14/07/2023)	50
Doreen Huber	Member of the Strategy Committee (since 02/08/2023)	76
Stefan Infanger (Supervisory Board member since 03/03/2023)	Member of the Mediation Committee (since 14/07/2023)	41
Jürgen Kellerhals		70
Maria Laube (Supervisory Board member since 03/03/2023)		41
Paul Lehmann (Supervisory Board member since 03/03/2023)		41
Julian Norberg (Supervisory Board member since 03/03/2023)		41
Stefanie Nutzenberger (Supervisory Board member until 03/03/2023)		35
Claudia Plath	Member of the Audit Committee and member of the Mediation Committee	105
Jens Ploog (Supervisory Board member until 03/03/2023)	Member of the Presidential Committee (until 03/03/2023)	53
Dr Lasse Pütz (Supervisory Board member until 03/03/2023)		35
Erich Schuhmacher		70
Maren Ulbrich (Supervisory Board member since 03/03/2023)		41
Christoph Vilanek	Member of the Nomination Committee	96
Sylvia Woelke	Vice Chairwoman of the Supervisory Board (until 14/07/2023), member of the Presidential Committee, member of the Audit Committee, member of the Strategy Committee (since 02/08/2023) and member of the Mediation Committee (until 14/07/2023)	134
Total		**1,992**

[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 absences due to maternity protection or parental leave and release from work as well as social security contributions (employer contribution) and supplemental benefits).

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

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

	2018/19		2019/20		2020/21		2021/22		2022/23
		In %[1]		In %[1]		In %[1]		In %[1]	
Earnings performance (€ million)									
Adjusted EBIT	403	−41.4	236	0.4	237	−12.2	208	16.8	243
Sales	21,455	−2.9	20,831	2.5	21,361	1.9	21,768	2.2	22,242
Net profit or loss CECONOMY AG under HGB	6	−733.3	−38	565.8	177	−71.2	51	27.5	65
Average annual remuneration of full-time equivalents in Germany (€ thousand)	**47.1**	**1.3**	**47.7**	**1.9**	**48.6**	**4.9**	**51.0**	**2.5**	**52.3**
Members of the Management Board (€ thousand)									
Dr Karsten Wildberger (since 01/08/2021)	–	–	–	–	2,754	−39.8	1,658	48.3	2,459
Dr Kai-Ulrich Deissner (since 01/02/2023)	–	–	–	–	–	–	–	–	1,225
Former members of the Management Board (€ thousand)									
Florian Wieser (01/05/2021–31/12/2022)	–	–	–	–	340	258.8	1,220	−76.0	293
Sabine Eckhardt (01/01/2023–31/01/2023)	–	–	–	–	–	–	–	–	140
Other former members of the Management Board[2]	2,767	8.1	2,990	1.0	3,019	1.8	3,072	3.8	3,188
Members of the Supervisory Board (€ thousand)									
Thomas Dannenfeldt	–	–	–	–	150	40.0	210	0.0	210
Jürgen Schulz	160	−33.1	107	−28.0	77	36.4	105	8.6	114
Katrin Adt	–	–	–	–	–	–	93	12.9	105
Wolfgang Baur (until 03/03/2023)	80	−7.5	74	4.1	77	−9.1	70	−50.0	35
Kirsten Joachim Breuer (until 03/03/2023)	80	−7.5	74	4.1	77	−9.1	70	−50.0	35
Karin Dohm	160	−7.5	148	3.4	153	−8.5	140	0.0	140
Daniela Eckardt	80	−7.5	74	4.1	77	−9.1	70	0.0	70
Sabine Eckhardt (suspension of Supervisory Board mandate in January 2023 due to interim Management Board role)	–	–	–	–	77	51.9	117	−5.1	111
Thomas Fernkorn (until 03/03/2023)	–	–	–	–	–	–	70	−50.0	35
Dr Florian Funck	120	−7.5	111	3.6	115	−8.7	105	0.0	105
Ludwig Glosser	120	−7.5	111	3.6	115	−8.7	105	0.0	105
Corinna Groß (since 03/03/2023)	–	–	–	–	–	–	–	–	50
Doreen Huber	–	–	–	–	–	–	47	61.7	76
Stefan Infanger (since 03/03/2023)	–	–	–	–	–	–	–	–	41
Jürgen Kellerhals	–	–	–	–	–	–	47	48.9	70
Maria Laube (since 03/03/2023)	–	–	–	–	–	–	–	–	41

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

	2018/19		2019/20		2020/21		2021/22		2022/23
		In %[1]		In %[1]		In %[1]		In %[1]	
Paul Lehmann (since 03/03/2023)	–	–	–	–	–	–	–	–	41
Julian Norberg (since 03/03/2023)	–	–	–	–	–	–	–	–	41
Stefanie Nutzenberger (until 03/03/2023)	7	957.1	74	4.1	77	−9.1	70	−50.0	35
Claudia Plath	100	11.0	111	3.6	115	−8.7	105	0.0	105
Jens Ploog (until 03/03/2023)	120	−7.5	111	3.6	115	−8.7	105	−49.5	53
Dr Lasse Pütz (until 03/03/2023)	–	–	–	–	–	–	70	−50.0	35
Erich Schuhmacher	–	–	–	–	–	–	18	288.9	70
Maren Ulbrich (since 03/03/2023)	–	–	–	–	–	–	–	–	41
Christoph Vilanek	33	124.2	74	4.1	77	20.8	93	3.2	96
Sylvia Woelke	120	12.5	135	13.3	153	−8.5	140	−4.3	134

[1] Change compared to previous financial year
[2] Exclusively pension payments 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

As per the CECONOMY AG General Meeting's resolution dated 17 February 2021, the basic amount for membership in the Supervisory Board was reduced from €80,000 to €70,000 with effect from 1 June 2021. With effect from 1 April 2023, the remuneration for chairs and members of the Nomination Committee were also reduced according to the resolution of the General Meeting on 22 February 2023 (see "Remuneration of Supervisory Board members" above for more information). 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 Kai-Ulrich Deissner

The Management Board contract of Dr Kai-Ulrich Deissner provides for a one-time payment of €400,000 (compensation) at the commencement of his Management Board service to compensate him for disadvantages resulting from the termination of his previous activities. In accordance with the provisions of the Management Board contract of Dr Kai-Ulrich Deissner, the net payment amount from this payment must be invested in company shares under the shareholding programme. Such compensation payments are not provided for in the 2021 remuneration system, and the compensation is not counted towards the maximum remuneration stipulated by the remuneration system. Since the Management Board contract was concluded, Dr Kai-Ulrich Deissner has already acquired 157,600 shares in CECONOMY AG for a total of €254,217.52 and thus invested more than the net payment amount of the compensation under the shareholding programme.

The deviation from the remuneration system as a result of the above-mentioned provision in the Management Board contract of Dr Kai-Ulrich Deissner secured the timely filling of the CFO position with Dr Kai-Ulrich Deissner as quickly as possible and was therefore necessary in the interests of the long-term wellbeing of the company.

Deviation due to the Management Board contract of Sabine Eckhardt

In December 2022, Supervisory Board member Ms Sabine Eckhardt was appointed to the Management Board for the period from 1 January 2023 to 31 January 2023 as substitute for an absent Management Board member in accordance with Sec. 105 para. 2 AktG. In Ms Sabine Eckhardt's Management Board contract, purely fixed remuneration was agreed, and therefore neither the variable remuneration components provided for in the 2021 remuneration system nor a post-employment benefit plan.

The above deviation from the remuneration system was necessary in the interests of the long-term wellbeing of the company. Because the company's Management Board must consist of at least two members in accordance with the law and the articles of association, Mr Florian Wieser left the Management Board as of 31 December 2022 and Dr Kai-Ulrich Deissner was not able to take up his post until 1 February 2023, an interim appointment was required in January 2023. The Supervisory Board believed that the appointment of Supervisory Board member as a substitute Management Board member was particularly appropriate for such a brief interim appointment. As a rule, however, only fixed remuneration and no variable remuneration or post-employment benefit plan is agreed for such brief interim appointments. Someone who is a Management Board member for only one month will barely influence the (multi-year) performance of the company and draw virtually no benefit from one month's contribution to the post-employment benefit plan.

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 was paid in December 2022. Short-term performance-based remuneration (STI) for financial year 2021/22 and for the first three months of financial year 2022/23 has been and 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.

15 December 2023

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

AUDITOR'S REPORT

TO CECONOMY AG, DÜSSELDORF

We have audited the remuneration report of CECONOMY AG, Düsseldorf, for the financial year from October 1, 2022 to September 30, 2023 including the related disclosures, which was prepared to comply with § [Article] 162 AktG [Aktiengesetz: German Stock Corporation Act].

Responsibilities of the Executive Directors and the Supervisory Board

The executive directors and the supervisory board of CECONOMY AG are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of § 162 AktG. The executive directors and the supervisory board are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, 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 German generally accepted standards for the audit of financial statements 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 stated in the remuneration report. The procedures selected depend on the auditor's judgment. This includes the assessment of the risks of material misstatement of the remuneration report including the related disclosures, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the preparation of the remuneration report including the related disclosures. The objective of this 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 the executive directors and the supervisory board, as well as evaluating the overall presentation of remuneration report including the related disclosures.

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

Audit Opinion

In our opinion, based on the findings of our audit, the remuneration report for the financial year from October 1, 2022 to September 30, 2023, including the related disclosures, complies in all material respects with the accounting provisions of § 162 AktG.

Reference to an Other Matter – Formal Audit of the Remuneration Report according to § 162 AktG

The audit of the content of the remuneration report described in this auditor's report includes the formal audit of the remuneration report required by § 162 Abs. [paragraph] 3 AktG, including the issuance of a report on this audit. As we express an unqualified audit opinion on the content of the remuneration report, this audit opinion includes that the information required by § 162 Abs. 1 and 2 AktG has been disclosed in all material respects in the remuneration report.

Restriction on use

We issue this auditor's report on the basis of the engagement agreed with CECONOMY AG. The audit has been performed only for purposes of the company and the auditor's report is solely intended to inform the company as to the results of the audit. Our responsibility for the audit and for our auditor's report is only towards the company in accordance with this engagement. The auditor's report is not intended for any third parties to base any (financial) decisions thereon. We do not assume any responsibility, duty of care or liability towards third parties; no third parties are included in the scope of protection of the underlying engagement. § 334 BGB [Bürgerliches Gesetzbuch: German Civil Code], according to which objections arising from a contract may also be raised against third parties, is not waived.

Düsseldorf, December 15, 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Verena Heineke	Christian David Simon
Wirtschaftsprüferin	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

SEPARATE NON-FINANCIAL GROUP REPORT

THE MANAGEMENT BOARD'S COMMITMENT

For CECONOMY and MediaMarktSaturn, sustainability is a key value and an integral part of our corporate strategy. Under the key term "impact experience", we see sustainability as a crucial strategic pillar that unites two important aspects: On the one hand, we see it as a significant business opportunity that will make a decisive contribution to our financial success. On the other hand, it describes socially responsible and ecologically viable activity. We want to raise awareness of sustainability and continuously evolve our own business. At the same time, we take social responsibility and strive for a climate-neutral shopping experience.

Our engagement also extends to our customers, who we help live a sustainable lifestyle. We aim to offer the most sustainable range of consumer electronics products in Europe and to be a leader in the circular economy. We will achieve this through energy-efficient, sustainably produced and packaged projects as well as offerings that make products more attractive to our customers and extend their usage periods. In financial year 2022/23, we once again significantly increased the number of sustainable products in our range, added refurbished products and expanded repair, rental and trade-in services in all of our countries. At the same time, we are working closely with manufacturers.

A second priority of our strategy is to reduce energy consumption and conserve resources. With targeted measures such as the introduction of electric mobility and the optimization of logistics and packaging, we not only improve our internal processes but also sharpen our customer focus. In light of the growing scarcity of resources, we provide our customers with comprehensive information on how to minimize their energy consumption. This customer-focused advice is an integral part of our work for a sustainable future and underscores our intention to make an active contribution to overcoming global challenges together with our customers.

In this report, we will give you a comprehensive overview of the current status of our sustainability work and of our progress and success in the past financial year. We see ourselves as an active part of the solution and are aware that, despite the milestones already achieved, there is still a lot of work to do. We firmly pledge that we will rigorously promote sustainability in our company and in society.

The Management Board of CECONOMY AG

Dr Karsten Wildberger

Dr Kai-Ulrich Deissner

SUSTAINABILITY STRATEGY AND MATERIAL ISSUES

Overview

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 for CECONOMY for the financial year in accordance with Sec. 315b and 315c of the German Commercial Code (HGB) in conjunction with Sec. 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 the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 and the Delegated Acts issued thereunder. CECONOMY did not apply an international framework to prepare the separate non-financial group report, but followed the content-related requirements of CSR-RUG. 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.

The content of this report is based on CECONOMY's sustainability strategy and a materiality analysis conducted in financial year 2021/22 and reviewed and confirmed in financial year 2022/23. The content of this separate non-financial group report has been audited with limited assurance by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft in accordance with ISAE 3000 (Revised).

↗ The unqualified report on this audit can be found in the section of the same name.

Materiality analysis

In financial year 2021/22, CECONOMY carried out a materiality analysis that is applicable to the following two financial years including financial year 2022/23. To identify material topics, the Sustainability department preselected issues based on analyses of significant sustainability issues for CECONOMY and its stakeholders. 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 three dimensions: how they affect own operating activities – i.e. the understanding of business performance and development and the position of the corporation (outside-in perspective) – what impact CECONOMY and its business model have on non-financial aspects (inside-out perspective), and 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. The sustainability strategy takes all material topics into account. 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
	Sustainable logistics
	Waste management/resource efficiency
	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 2022/23 under the leadership of the Sustainability department and with support from Risk Management. This did not identify any material risks associated with the corporation's own business activities that are very likely to have a significant negative impact on non-financial aspects now or in the future.

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.

NOTES ON APPROACH

One of the ways it pursues sustainable business activities is through Regulation (EU) 2020/852 (EU taxonomy regulation). Among other things, the EU taxonomy was developed in order to achieve the objectives of the European Green Deal. It defines sustainable economic activities as well as technical screening criteria for a large number of economic 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. 315b para. 1 HGB to supplement its combined management report with a consolidated 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 qualify 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 taxonomy-eligible and taxonomy-aligned economic activities in terms of sales, capital expenditure and operating expenditure.

In accordance with the EU taxonomy regulation and the supplementary delegated acts, CECONOMY reported 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" for the first time for financial year 2021/22.

A simplified reporting obligation applied 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 made 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 the second reporting period, the EU taxonomy regulation requires the scope of reporting to be extended to taxonomy alignment with regard to the economic activities identified as taxonomy-eligible in connection with the environmental objectives "climate change mitigation" and "climate change adaptation". For financial year 2022/23, CECONOMY therefore also reports on the taxonomy alignment of its economic activities. An economic activity is taxonomy-eligible if it matches the activity description laid down in the relevant delegated acts. In order to be classified as taxonomy-aligned, a taxonomy-eligible economic activity must meet the three criteria stipulated in Article 3 of the EU taxonomy regulation: Firstly, the economic activity must contribute substantially to one of the environmental objectives by meeting the respective technical screening criteria. Secondly, it must not significantly harm any of the other environmental objectives (DNSH – "do no significant harm"). In addition, the undertaking carrying out the activity must have implemented minimum safeguards that are especially aimed at protecting human rights, but also relate to bribery and corruption, taxation and fair competition.

TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES

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 Climate Delegated Act (Delegated Regulation (EU) 2021/2139 as amended). All these economic activities 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. The delegated acts issued in June 2023 to adjust the Climate Delegated Act and the four additional environmental objectives were not yet taken into account, as these are applicable only to non-financial reporting from 1 January 2023 onwards. 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, so no sales are reportable as taxonomy-eligible. However, at the same time all relevant cross-sectional activities in connection with the "climate change mitigation" environmental objective in financial year 2021/22 were identified as taxonomy-eligible in sectors 6. Transport and 7. Construction and real estate activities:

- 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))

- 7.7. 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)

For the reporting of the two environmental objectives "climate change mitigation" and "climate change adaptation" in financial year 2022/23, CECONOMY reviewed the assessment of the economic activities carried out in the previous year and found no change in the taxonomy-eligible economic activities previously identified for the Group.

DETERMINING TAXONOMY KEY PERFORMANCE INDICATORS

Taxonomy key performance indicators and reporting on taxonomy-eligible economic activities are determined in accordance with Annex 1 of Delegated Regulation (EU) 2021/2178 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 2022/23. Capital expenditure (CapEx) for financial year 2022/23, in accordance with content requirements for this key figure on the basis of the EU taxonomy regulation, is presented below, as is the approach to operating expenditure.

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 and taxonomy-aligned 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 capital expenditure included in the denominator that meets any of the following criteria:

- Assets or processes are associated with taxonomy-aligned economic activities.
- The capital expenditure is part of a CapEx plan to expand taxonomy-aligned economic activities or to allow taxonomy-eligible economic activities to become taxonomy-aligned (CapEx plan). There was no such capital expenditure in financial year 2022/23.
- It relates to the purchase of output from taxonomy-aligned 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).

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. In financial year 2022/23, CECONOMY has operating expenditure as defined by the EU taxonomy amounting to €212.8 million.

The operating expenditure is not material for CECONOMY's business model, as it is geared towards the sale and not the manufacture of products. Therefore, no material taxonomy-relevant operating expenditure was identified for financial year 2022/23.

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 analysed in detail by the project team to assign these to the economic activities identified.

KEY PERFORMANCE INDICATORS AND QUALITATIVE INFORMATION

Essentially, the 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 EU taxonomy regulation only to a limited extent. The largest share of taxonomy-eligible capital expenditure is in the construction and real estate sector, including economic activity 7.7. Acquisition and ownership of buildings, under which capital expenditure from right-of-use assets is included. Compared with the previous year, the already low capital expenditure relating to economic activity 8.1. Data processing, hosting and related activities has decreased further, so this expenditure is no longer reported in financial year 2022/23.

The table below shows the taxonomy-eligible and taxonomy-aligned key performance indicators for CECONOMY's economic activities in financial year 2022/23, 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)	2021/22 Absolute	2021/22 Share of total (%)	2022/23 Absolute	2022/23 Share of total (%)
Transport	6.5. Transport by motorbikes, passenger cars and light commercial vehicles	14.9	2.0	18.3	2.8
	6.6. Freight transport services by road	0.4	0.1	0.5	0.1
Construction and real estate	7.3. Installation, maintenance and repair of energy efficiency equipment	1.1	0.1	1.2	0.2
	7.7. Acquisition and ownership of buildings	121.2	15.9	66.7	10.1
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**	**86.7**	**13.1**
Total capital expenditure taxonomy-aligned activities		**–**	**–**	**0.0**	**0.0**
Total capital expenditure non-taxonomy-eligible activities		**623.1**	**81.8**	**573.2**	**86.9**
Total capital expenditure		**762.1**	**100.0**	**659.9**	**100.0**

TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

For financial year 2022/23, CECONOMY is expanding its reporting to recognize capital expenditure connected to taxonomy-aligned economic activities in addition to capital expenditure connected to taxonomy-eligible economic activities. For a taxonomy-eligible economic activity to be recognized as taxonomy-aligned, its compliance with various criteria outlined above must be verified.

As the capital expenditure relevant for CECONOMY relates to the purchase of output from taxonomy-aligned economic activities and is therefore allocated to Annex I Section 1.1.2.2 (c) of the delegated act on disclosure obligations, the Group does not have all the information necessary to perform an independent assessment of alignment. With regard to taxonomy alignment, CECONOMY is therefore reliant on information from suppliers.

Due to the subordinate importance of new registrations of purely electric vehicles within the meaning of the EU taxonomy in relation to total capital expenditure and the lack of necessary information, no further assessment of alignment was carried out with regard to transport. For construction and real estate, CECONOMY asked suppliers for evidence of compliance with the criteria listed in Article 3 of the EU taxonomy regulation. On the basis of the information available and the responses received, it was not possible for CECONOMY to demonstrate the taxonomy-alignment of the capital expenditure. All in all, CECONOMY is reporting no taxonomy-eligible capital expenditure as taxonomy-aligned in financial year 2022/23. Similarly, no taxonomy-aligned sales or operating expenditure are reported.

Proportion of sales from products or services associated with taxonomy-aligned economic activities – disclosure covering financial year 2022/23

				Substantial contribution criteria						DNSH criteria ('does not significantly harm')										
Economic activities (1)	Code(s) (2)	Absolute sales (€ million) (3)	Proportion of sales (%) (4)	Climate change mitigation (%) (5)	Climate change adaptation (%) (6)	Water and marine resources (%) (7)	Circular economy (%) (8)	Pollution (%) (9)	Biodiversity and ecosystems (%) (10)	Climate change mitigation (Y/N) (11)	Climate change adaptation (Y/N) (12)	Water and marine resources (Y/N) (13)	Circular economy (Y/N) (14)	Pollution (Y/N) (15)	Biodiversity and ecosystems (Y/N) (16)	Minimum safeguards (Y/N) (17)	Taxonomy-aligned proportion of sales, FY 2022/23 (%) (18)	Taxonomy-aligned proportion of sales, FY 2021/22 (%) (19)	Category (enabling activity) (E) (20)	Category (transitional activity) (T) (21)
A. Taxonomy-eligible activities																				
A.1. Environmentally sustainable activities (taxonomy-aligned)																				
Sales of environmentally sustainable activities (taxonomy-aligned) (A.1.)		0.0																		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																				
Sales of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2.)		0.0																		
Total (A.1. + A.2.)		**0.0**																		
B. Taxonomy-non-eligible activities																				
Sales of taxonomy-non-eligible activities (B.)		22,242.0	100.0																	
Total (A. + B.)		**22,242.0**	**100.0**																	

Proportion of CapEx from products or services associated with taxonomy-aligned economic activities – disclosure covering financial year 2022/23

				Substantial contribution criteria						DNSH criteria ('does not significantly harm')										
Economic activities (1)	Code(s) (2)	Absolute CapEx (€ million) (3)	Proportion of CapEx (%) (4)	Climate change mitigation (%) (5)	Climate change adaptation (%) (6)	Water and marine resources (%) (7)	Circular economy (%) (8)	Pollution (%) (9)	Biodiversity and ecosystems (%) (10)	Climate change mitigation (Y/N) (11)	Climate change adaptation (Y/N) (12)	Water and marine resources (Y/N) (13)	Circular economy (Y/N) (14)	Pollution (Y/N) (15)	Biodiversity and ecosystems (Y/N) (16)	Minimum safeguards (Y/N) (17)	Taxonomy-aligned proportion of CapEx, FY 2022/23 (%) (18)	Taxonomy-aligned proportion of CapEx, FY 2021/22 (%) (19)	Category (enabling activity) (E) (20)	Category (transitional activity) (T) (21)
A. Taxonomy-eligible activities																				
A.1. Environmentally sustainable activities (taxonomy-aligned)																				
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1.)		0.0																		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																				
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	(18.3)	(2.5)																	
Freight transport services by road	CCM 6.6	(0.5)	(0.1)																	
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	(1.2)	(0.2)																	
Acquisition and ownership of buildings	CCM 7.7	(66.7)	(10.1)																	
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2.)		86.7	13.1																	
Total (A.1. + A.2.)		**86.7**	**13.1**																	
B. Taxonomy-non-eligible activities																				
CapEx of taxonomy-non-eligible activities (B.)		573.2	86.9																	
Total (A. + B.)		**659.9**	**100.0**																	

Proportion of OpEx from products or services associated with taxonomy-aligned economic activities – disclosure covering financial year 2022/23

				Substantial contribution criteria						DNSH criteria ('does not significantly harm')										
Economic activities (1)	Code(s) (2)	Absolute OpEx (€ million) (3)	Proportion of OpEx (%) (4)	Climate change mitigation (%) (5)	Climate change adaptation (%) (6)	Water and marine resources (%) (7)	Circular economy (%) (8)	Pollution (%) (9)	Biodiversity and ecosystems (%) (10)	Climate change mitigation (Y/N) (11)	Climate change adaptation (Y/N) (12)	Water and marine resources (Y/N) (13)	Circular economy (Y/N) (14)	Pollution (Y/N) (15)	Biodiversity and ecosystems (Y/N) (16)	Minimum safeguards (Y/N) (17)	Taxonomy-aligned proportion of OpEx, FY 2022/23 (%) (18)	Taxonomy-aligned proportion of OpEx, FY 2021/22 (%) (19)	Category (enabling activity) (E) (20)	Category (transitional activity) (T) (21)
A. Taxonomy-eligible activities																				
A.1. Environmentally sustainable activities (taxonomy-aligned)																				
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1.)		0.0																		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																				
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2.)		0.0																		
Total (A.1. + A.2.)		**0.0**																		
B. Taxonomy-non-eligible activities																				
OpEx of taxonomy-non-eligible activities (B.)		212.8	100.0																	
Total (A. + B.)		**212.8**	**100.0**																	

Corporate governance

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.

Sustainability strategy

On the basis of impact experience, CECONOMY counts sustainability as one of the four cornerstones of its strategic advancement.

↗ The corporate strategy can be found in the Strategy section of the Group management report.

The company pursues a far-reaching sustainability strategy with clear goals: The increasing demands on companies with regard to reduction of greenhouse gas emissions, preservation of resources and compliance with the law, combined with the view that sustainability is an integral ingredient in the company's growth, 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 the expectations of all stakeholders.

CECONOMY has set itself ambitious, strategic ESG targets that are described in the "Sustainability management" section (strategy) in the annual report:

"We offer a climate-neutral shopping experience"
CECONOMY has set itself ambitious climate targets in order to reduce emissions (Scope 1-3 reduction). Thanks to the reduction of emissions from purchased own-brand products, supplier engagement, the associated reduction of emissions generated when end customers use products, and carbon-neutral delivery to customers, customers have the opportunity to make a climate contribution with their purchase.

"We provide the most sustainable range of consumer electronics and are pioneers of the circular economy in Europe"
Maximum circular economy thanks to energy-efficient, sustainably produced and packaged projects as well as offerings that make products more attractive to customers and usable for longer. At the same time, the product lifecycle is extended through repairs and other services and products are made available for secondary and tertiary use.

"We take social responsibility for our employees, suppliers and communities"
Our business is based on social responsibility to employees, suppliers throughout the supply chain and the communities affected by CECONOMY. Diversity also plays a central role for the Group.

To achieve these ambitious targets, CECONOMY focuses on the following action areas:

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 improve its carbon footprint. CECONOMY is guided by the goals formulated by the Paris Agreement for limiting global climate change. To make an effective contribution, CECONOMY has set itself ambitious, science-based targets, which were submitted to the Science Based Targets initiative (SBTi) in the reporting period. CECONOMY is also working hard to reduce packaging and materials resources that are used to make its own brand products.

Sustainable products and circular economy: At customer level, CECONOMY aims to help customers lead a sustainable lifestyle and enable them to consume in a responsible way that conserves resources – from purchase and the longest possible usage to the proper disposal and recycling of their products. To this end, CECONOMY is increasing the number of sustainable products in its range. The range of refurbished products is also growing at the same time. The services established by CECONOMY such as repairs and product trade-ins and new, sustainable business models relating to financing, including options to return products, are also making an effective contribution to the circular economy.

Social: Another of CECONOMY's four strategic initiatives is "employee experience" for the development of employees. For this reason, particular emphasis is placed on appreciating the work of all employees and on their targeted development, motivation and empowerment. The focus here is on employee involvement and talent development, as well as promoting diversity, for example in the form of bias training and ensuring diversity in talent pools. At the same time, CECONOMY undertakes to uphold labour laws and human rights, both in its own companies and in the supply chain. For example, CECONOMY is working continuously to develop its own risk management approach to uphold human rights and cooperates closely with suppliers to tackle potential human rights risks 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 Management Board of CECONOMY AG. The Vice President for Sustainability reports directly to the Management Board and manages the sustainability concerns of CECONOMY AG and MMSRG. His department is responsible for devising the strategy, updating the key performance indicators and tracking all targets and progress. He is supported in this by the local sustainability managers in the various country organizations, who act as local contacts and have the task of conveying the understanding of sustainability to their countries and deriving appropriate country-specific activities on this basis. In effective sustainability management, the Management Board ensures a high level of transparency both internally and externally, defines the company's overall strategy, strengthens the conditions for the respective sustainability initiatives and monitors their development. In regular meetings, the Management Board and Supervisory Board, together with the Vice President for Sustainability, assess and 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.

CECONOMY AG's Sustainability department promotes discussion with internal and external stakeholders and further develops sustainability communication. Together with the Sustainability department, the countries' sustainability managers make up the sustainability organization.

Sustainable Consumption Pledge
The "Sustainable Consumption Pledge" initiative represents a continuation of the Green Consumption Pledge that was launched in 2021 as part of the European Climate Pact. CECONOMY was one of the first European retailers to participate voluntarily in the EU pilot project right from the start. This EU-wide initiative calls on companies to get involved in climate protection and build a greener Europe. By signing, companies promise to help accelerate the green transition. The commitment calls on signatories to uphold at least three of five core principles. The key issues for CECONOMY are carbon emissions, transparency, industry best practices and the sale of sustainable products.

By signing the Sustainable Consumption Pledge, CECONOMY has committed to the following targets:

Pledge 1 – CECONOMY commits to calculate its carbon footprint and reduce its carbon footprint with the following pledges:

- CECONOMY pledges to reduce its CO_2 emissions for Scope 1 and 2 by 4.2 per cent per year until 2030, in accordance with a 1.5 °C scenario, compared with baseline year 2019, measured using the Science Based Targets initiative methodology.

- CECONOMY pledges to reduce its CO_2 emissions for the relevant Scope 3 of its own brand products by 3.0 per cent per year until 2030, in accordance with a well-below 2 °C scenario, compared with baseline year 2022, measured using the Science Based Targets initiative (SBTi) methodology.

- CECONOMY pledges to reduce its CO_2 emissions for the relevant Scope 3 of its transport and distribution activities by 3.0% per year until 2030, compared with baseline year 2022, measured using the SBTi methodology.

- CECONOMY pledges to induce 80 per cent of its retail suppliers to set their own climate targets in accordance with the SBTi framework by 2027.

- The data used to calculate and report on the targets set are verified by the company's auditor.

Pledge 2 – CECONOMY commits to calculate and improve the environmental performance of the company with the following pledge: CECONOMY pledges to increase the number of sustainable products (BetterWay products) in its range to 6,000 by the end of 2025, compared with 1,200 products in the baseline year 2021. The data used to calculate and report on the targets set are verified by the company's auditor.

Pledge 3 – CECONOMY pledges to publish the targets and progress made on all the above annually in its sustainability report, in its annual non-financial report and on its 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 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.

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 and policies at the Group companies and country organizations that are tailored to the respective risks, local situation and business practices. This ensures a consistent set of rules.

Responsibility for upholding compliance requirements 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 the MediaMarktSaturn Retail Group 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.

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 has been in place since financial year 2021/22, all new employees are required to take mandatory training (online and classroom training) that teaches 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 compliance 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 in the event of cyberattacks.

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 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 an international 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. In addition to the local data protection officers and separate Legal departments in the countries, the data protection officer responsible for the German companies is supported by the Data Privacy Office (DPO), which is the central point of contact within MediaMarktSaturn Retail Group GmbH for all national and international companies of MMSRG and regularly communicates with the countries' data protection officers. To ensure compliance with internal and legal requirements, it supports the collection, processing and deletion of personal data on customers, partners and employees. The DPO and the local data protection officers, in cooperation with other departments (especially IT Security), also provide advice on the necessary technical and organizational measures to ensure lawful processing of personal data within the Group.

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 MMSRG, the role of Chief Information Security Officer (CISO) bears full responsibility for Information Security for the Group and all its shareholdings. MMSRG's security organization also covers CECONOMY AG's security concerns. The CISO 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 CISO 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. CECONOMY has taken extensive precautions in response to the increasing professionalism of hackers and thus the growing frequency of attacks. Also, security measures are taken to prevent e-mail phishing attempts in particular. There is also 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 introduced this year. Throughout the Group, around 49,000 employees received annual cybersecurity awareness training and some 46,000 employees were trained in phishing simulations in financial year 2022/23.

The information security management system (ISMS) was operationalized by the introduction of a dedicated Cybersecurity Risk & ISMS team. The aim is to harmonize IT security readiness, guidelines and IT security risk management at a global level.

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. In addition, major threats, attacks and crises can be handled appropriately thanks to a dedicated incident response retainer. Regular training of incident processes increases the organization's readiness for even better response capability.

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 and 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 and Supervisory Board of CECONOMY AG at Supervisory Board meetings. 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 an influence on the environment and the climate. In addition to the products sold, this applies in particular to the operation of stores and the transport of goods. 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 in Scope 1 and 2 by 2024 and in Scope 3 by 2040. 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.

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

CECONOMY wants to make an effective contribution to preventing the worst effects of climate change. In the past year, CECONOMY therefore voluntarily committed to participate in the European Commission's Sustainable Consumption Pledge. This set ambitious climate targets with which CECONOMY intends to reduce its emissions in accordance with the GHG Protocol even faster.

CECONOMY commits to calculate its carbon footprint and reduce it with the following pledges:

- CECONOMY pledges to reduce its carbon emissions for Scope 1 and 2 by 4.2 per cent per year until 2030, in accordance with a 1.5 °C scenario, compared with baseline year 2019, in accordance with the Science Based Targets initiative (SBTi) framework.

- CECONOMY pledges to reduce its carbon emissions for the relevant Scope 3 of its own brand products by 3.0 per cent per year until 2030, in accordance with a well-below 2 °C scenario, compared with baseline year 2022, in accordance with the SBTi framework.

- CECONOMY pledges to reduce its carbon emissions for the relevant Scope 3 of its transport and distribution activities by 3.0 per cent per year until 2030, compared with baseline year 2022, in accordance with the SBTi framework.

- CECONOMY pledges to require 80 per cent of its retail suppliers to set their own climate targets in accordance with the SBTi framework by 2027.

In addition, CECONOMY is currently in the SBTi target definition and validation process.

CECONOMY has also set itself far-reaching net zero targets, because in addition to the reduction of CO_2 emissions, emissions that cannot be further reduced are to be offset via climate change mitigation projects:

- Achievement of net zero emissions for Scope 1 and 2 by 2024

- Achievement of total net zero emissions by 2040

Scope 1 and 2 energy and carbon footprint

Total energy consumption in thousands of MWh[1]

	Baseline year 2018/19	2021/22	2022/23[2]
Total energy consumption	**661.7**	**583.1**	**494.4**
Scope 1 energy consumption	**116.1**	**100.7**	**84.8**
Natural gas	54.3	58.0	43.3
Heating oil	2.7	2.3	1.8
Diesel[3]	53.8	32.3	29.7
Petrol	5.3	8.1	10.0
LPG			0.1
Scope 2 energy consumption	**545.6**	**482.3**	**409.6**
Electricity[4]	524.3	462.3	393.5
District heating	19.1	18.4	14.9
District cooling	2.2	1.6	1.1
Energy consumption per m² of selling space in kWh[5]	**215.8**	**210.5**	**184.6**
Electricity consumption per m² of selling space in kWh[5]	**187.8**	**179.3**	**159.7**

[1] Direct energy import by stores, administrative buildings and warehouses
[2] Deutsche Technikberatung (DTB) was included for the first time
[3] Stationary and mobile consumption
[4] Including first-time recognition of electricity used by electric or hybrid vehicles in the fleet
[5] Not including energy consumed by vehicle fleet

Carbon footprint (greenhouse gas emissions in thousands of tonnes of CO_{2eq} (CO_2 equivalents))[1]

	Baseline year 2018/19[1]	2021/22	2022/23[2,3]
Total greenhouse gas emissions (market-based)	**100.2**	**69.8**	**42.9**
Greenhouse gas emissions not including vehicle fleet (market-based)	**85.5**	**59.1**	**32.4**
Scope 1: Direct greenhouse gas emissions (market-based)	**26.5**	**23.2**	**19.8**
Natural gas[4]	11.1	11.8	8.8
Heating oil[4]	0.7	0.6	0.5
Diesel (stationary consumption)[4]	–	0.1	0.1
Vehicle fleet[4]	14.7	10.7	10.4
Scope 2: Indirect greenhouse gas emissions (market-based)	**73.7**	**46.6**	**23.1**
Electricity[5]	66.5	39.4	20.4
District heating[4]	6.5	6.6	2.5
District cooling[4]	0.6	0.5	0.2
Scope 2: Indirect greenhouse gas emissions (location-based)	**247.8**	**198.3**	**142.0**
Scope 1 + 2 greenhouse gas emissions per m² of selling space in kg CO_{2eq}/m², not including vehicle fleet (market-based)	**30.6**	**22.9**	**13.1**

[1] Emissions calculated based on energy audit values.
[2] 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.
[3] Deutsche Technikberatung (DTB) was included for the first time
[4] Switch of source of emission factors from VDA to DBEIS
[5] Including emissions resulting from electricity consumption of the vehicle fleet

Scope 1–2 energy management and emission savings
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, largely in its role as a tenant of the spaces and the administrative buildings.

The respective country organizations and their Heads of Construction are responsible for managing energy resources. MMSRG's building-related energy consumption is aggregated in the Store Concepts & Construction department, 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 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.

The total energy saving of 15 per cent achieved in comparison with the previous year 2021/22 is 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.[1] For example, the "STUNEC" (Stop Unnecessary Energy Consumption) programme was launched at the company at the start of 2022 and has continued ever since. Various measures have also been implemented according to the individual situation at the store, such as deactivating outside advertising in the evenings and at night. Hot water boilers or flow heaters were turned off in customer and employee bathrooms in stores and administrative buildings. In addition, the lighting in selling spaces was reduced and only selected TV sets were turned on. Compared with the previous year, the 15 per cent reduction in energy consumption and the purchase of 92 per cent electricity from alternative energy

[1] The targets are set on a like-for-like basis, i.e. based on comparable adjusted figures, and therefore include around 960 of the more than 998 stores.

sources resulted in an emission reduction of 15 per cent for Scope 1 and 50 per cent for Scope 2 (market-based). There was CO_2 compensation within the carbon footprint limit of 179 tCO_{2eq} for DTB in financial year 2022/23.

CECONOMY works continuously to reduce its energy consumption per square metre of selling space, and thus its CO_2 emissions. In financial year 2022/23, the total energy consumption of the stores and administrative buildings (not including the vehicle fleet) came to 454.9 thousand megawatt hours. This corresponds to 184.6 kilowatt hours per square metre and thus 12 per cent less than in financial year 2021/22.

CECONOMY is working continuously on identifying and leveraging further potential for reductions moving ahead.

Scope 3 carbon footprint

Indirect greenhouse gas emissions from upstream and downstream activities (Scope 3) in thousand tonnes of CO_{2eq} (CO_2 equivalents)

	Baseline year 2021/22	2022/23
Scope 3.1 – Purchased goods & services[1]	7,986.6	6,310.6
Scope 3.1 – Non-tradables[2]	(318.3)	(186.0)
Scope 3.1 – Procurement of own-brand products[3]	(300.3)	(310.9)
Scope 3.1 – Procurement of third-party brand products[4]	(7,368.0)	(5,813.7)
Scope 3.2 – Capital goods[5]	178.7	117.0
Scope 3.3 – Fuel- and energy-related emissions[6]	43.8	16.4
Scope 3.4 – Upstream transportation and distribution[7]	518.0	216.4
Scope 3.5 – Waste[8]	15.0	5.5
Scope 3.6 – Business travel[9]	3.0	5.9
Scope 3.7 – Employee commuting[10]	46.0	56.1
Scope 3.8 – Upstream leased assets[11]	104.3	6.1
Scope 3.11 – Use of sold products[12]	17,113.8	17,147.8
Scope 3.11 – Use of own-brand products[13]	(1,260.5)	(1,553.0)
Scope 3.11 – Use of third-party brand products[14]	(15,853.3)	(15,614.8)
Scope 3.12 – End-of-life treatment of sold products[15]	649.2	742.9
Scope 3.12 – End-of-life treatment of sold own-brand products[16]	(23.8)	(42.2)
Scope 3.12 – End-of-life treatment of sold third-party brand products[17]	(625.5)	(700.7)
Scope 3.15 – Investments[18]	5.5	5.4

[1] Scope 3.1 includes all emissions from non-tradables, purchased own-brand products and purchased third-party brand products.
[2] Scope 3.1 – Non-tradables includes emissions from goods and services purchased for own consumption. In this financial year, the data pool was adjusted to include DTB, so comparability with the previous year is limited.
[3] The emissions for purchased own-brand products were calculated using the average data method.
[4] The emissions for purchased third-party brand products were calculated using the average data method.
[5] Capital goods related to additions to fixed assets, in which all capitalized investment accounts were included for financial year 2022/23.
[6] In the case of fuel- and energy-related emissions, all upstream emissions of the energy sources from Scope 1 and 2 are included.
[7] All logistics emissions are recognized under upstream transportation and distribution on the basis of the total expenditure in 2022/23. This includes all emissions from storage, handling and transport to stores and customers. For items with different modes of transport, weighted averages for the emission factors were recognized in accordance with the distribution. Moreover, a new data pool was used for the calculation this year, and the emissions of Imtron logistics were fully included for the first time, so comparability with the previous year is limited. In addition, primary data points for some logistics companies were collected this year.
[8] This category includes the waste generated by business activities, mainly packaging waste as a result of logistics activities and waste from the administrative locations. Projections were calculated for two stores in Switzerland and DTB was included.
[9] Emissions for business travel by employees in all countries were reported here. The data were collected through the official travel partners where available; otherwise they were calculated on an expenditure-basis (travel expenses). This year, the emissions in Benelux were calculated based on expenditure and a different data pool, and DTB was included.
[10] Potential work days less average holidays in the various countries were taken as a reference to calculate Scope 3.7. Emissions for the commutes of the 43,284 FTEs on average are calculated based on a percentage breakdown of the various modes of transport (source: "Berufspendler", German Federal Statistical Office (Destatis), 2020 microcensus, as of 31/01/2022) 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). In addition, the emission factors were adjusted to fully reflect the well-to-wheel approach. DTB was included for the first time this year.
[11] Scope 3.8 is calculated based on expenditure and an adjusted data pool is used, so comparability with the previous year is limited.
[12] Scope 3.11 includes emissions from end customers' use of own-brand and third-party brand products.
[13] Emissions generated when end customers use own-brand products. The data pool for this comprises sales figures; the emissions were calculated using the average data method. All products that consume electricity in the utilization phase were used for the calculation.
[14] Emissions generated when end customers use third-party brand products. The data pool for this comprises sales figures; the emissions were calculated using the average data method. All products that consume electricity in the utilization phase were used for the calculation.
[15] Scope 3.12 includes emissions from end-of-life-treatment/recycling of end customers' own-brand and third-party brand products.
[16] Emissions generated by the recycling of all own-brand products by end customers. The data pool for this comprises sales figures; the emissions were calculated using the average data method.
[17] Emissions generated by the recycling of all third-party brand products by end customers. The data pool for this comprises sales figures; the emissions were calculated using the average data method.
[18] Emissions resulting from the stakes in Fnac Darty S.A. and Power Retail Sweden.

Scope 3 emission savings
Following the first-time reporting of selected Scope 3 emissions in the 2018/19 financial year, CECONOMY has steadily improved the underlying data quality, so the Group stands for full transparency and is disclosing all relevant Scope 3 categories for the first time. The carbon footprint was expanded to include primary data from service providers and suppliers in addition to volume-based calculation methods in financial year 2022/23. The carbon footprint 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.

Scope 3 emissions decreased by 8 per cent compared with financial year 2021/22. There was an increase of 4 per cent in Scope 3.1 (own brands), emissions remained constant in Scope 3.11, and emissions decreased by 58 per cent in Scope 3.4, which is explained by the new data basis. In financial year 2022/23, net CO_2 intensity for freight transport and purchased goods for internal operations and own brands (Scope 3.1 Non-tradables, Scope 3.1 Procurement of own-brand products and Scope 3.4 Transportation and distribution) amounted to 32.06 tCO_{2eq}/€ million sales, a reduction of 39 per cent compared with the previous year, whereby comparability with the previous year is limited as a result of the updated data basis.

Sustainable logistics

Transport and storage are essential for selling goods to customers in stores and online – processes that generate CO_2 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. Since financial year 2021/22, logistics have been undergoing a transformation away from the separation of e-commerce and retail business in favour of an integrated, centralized omnichannel network. This centralized omnichannel network allows central procurement and the bundling of delivery flows to stores through central distribution centres in each country. In this context, goods flows are increasingly planned and managed centrally. CECONOMY can thus targetedly reduce transport flows, manage and decrease inventories transparently across all sales channels and warehouse locations, and simultaneously bring down CO_2 emissions. The transformation was successfully implemented in the Netherlands in the past financial year and also commenced in Germany in financial year 2022/23.

MediaMarktSaturn central distribution centre for Germany was built with modern and resource-saving construction methods, which meets the high requirements for sustainable operations. It was granted silver certification according to the standards of the German Sustainable Building Council (DGNB) at the start of 2022. The photovoltaic system, which was installed by the lessor in 2022 and is 7.5 per cent leased by MediaMarktSaturn, generated 485 thousand kilowatt hours in financial year 2022/23, of which 375 thousand kilowatt hours were consumed in the distribution centre itself. The rest was profitably fed into the power grid.

At present, more and more suppliers are being brought in to supply stores centrally through the warehouse. In addition to the central distribution centre, regional hubs also commenced operations in financial year 2022/23. These bundle the two-man-handling stock (products with large dimensions) for nearby stores and can be used to offer customers additional services such as assembly, installation, disposal of old appliances and repairs as effectively as possible. In addition, route optimization made it possible to offer customers delivery windows with a high degree of accuracy and to reduce CO_2 emissions.

Sustainable logistics also aims to systematically reduce the environmental impact of transport and warehouse operations. Therefore, CECONOMY has set itself the target of cultivating options for climate-neutral delivery to customers in more than 80 cities in all countries by financial year 2025/26. In "zero last mile delivery", CECONOMY can so far offer customers green deliveries in 23 cities in Spain and 11 cities in Switzerland. In Spain, for example, stores are increasingly using electric vehicles to deliver to customers. In Switzerland and Germany, 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 amended "ship-from-store" logistics concept, whereby customers receive deliveries from the closest store, also offers potential to reduce CO_2 emissions.

The logistics sustainability programme is gradually being expanded. As well as the greater transparency of CO_2 consumption, the focus is increasingly on returns logistics, reusing products and the use of sustainable packaging materials. Especially in the area of packaging materials, CECONOMY focuses on environmentally friendly concepts and is working on using sustainable raw materials and reducing packaging. For example, wet glue labelling machines are already in use in MediaMarktSaturn's distribution centres in Germany. 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.

Logistics in various countries are also using optimized packing and sustainable packaging materials with the aim of further minimizing the carbon footprint. Examples of this include the use of automated pack-to-good packing machines in Spain and the Netherlands, which tailor the packaging to the product to be packed during the packing process itself, removing the need for outer packaging and filling material.

Waste management and resource efficiency

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, annual training for store employees 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 process for collecting emissions data for waste was adjusted for all countries in financial year 2022/23. As well as improving the quality of data, this reporting helped moving waste management into focus throughout the Group.

In line with legal requirements in the countries, there are also disposal stations in stores where customers can return batteries and light bulbs in addition to old electrical devices.

The respective country organizations are responsible for the management of old electrical devices and packaging waste. There are also organizational instructions for each country on the proper collection, separation and disposal of waste. Disposal partners are selected, and waste volumes monitored, at the level of the country organizations as well.

Old electrical devices that have reached the end of the utilization phase 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.

Returned old electrical devices are collected and sorted in regulation containers in MMSRG stores or central warehouses. In financial year 2022/23, CECONOMY took back around 75,655 tonnes of old electrical devices throughout Europe and 43,556 tonnes of old electrical devices in Germany and passed these on exclusively to certified waste management companies for processing and recycling.

Returned old electrical devices [1,2]

in tonnes	2022/23
Heat exchangers	11,046.7
Screens, monitors	2,435.2
Lamps	5.5
Large appliances	28,575.2
Small appliance	1,106.3
Small IT or telecoms devices	258.0
Batteries	129.0
Total old electrical devices	**43,556.0**

[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.

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 financial year 2022/23, CECONOMY placed around 27,400 tonnes[2] of packaging waste into recycling.

As regards the packaging register in Germany, 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". Since 1 July 2022, manufacturers of packaging not subject to system participation within the meaning of Sec. 15 para. 1 VerpackG have also been 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 MMSRG's German country organizations, 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 MediaMarktSaturn Deutschland.

CECONOMY is 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 packaging volume will be reduced in the long-term. Imtron avoids non-essential packaging materials 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 ISY battery range was also switched to paper packaging. The only exception is packaging for coin batteries, which require special protection. Other measures to optimize packaging will follow successively. Where possible, outer packaging is not used at all, for example for the CO_2 gas cylinders from KOENIC, 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 or packaging material is used that is less damaging to the environment. The introduction of refillable own-brand ISY ink cartridges marks another step in 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 biodegradable. The "eco cases" are also sold in stores in packaging made entirely of certified paper.

Packaging waste in Germany[1]

in tonnes	2022/23
Paper, card, cardboard packaging	8,851
Mixed packaging (for recycling)	2,808
Wood	2,470
Film	1,083
Polystyrene	1,301
PP straps	98
Total packaging waste	**16,611**

[1] The reported volumes are recorded by the disposal service provider in Germany.

RESOURCE EFFICIENCY – TRADE-IN SERVICE

End users hold on to a huge number of unused but still functioning electrical devices or throw them away even though they still work.

The trade-in service allows customers to have their used devices valued at MediaMarkt or Saturn and to trade them in for a gift card to the value of the old device. The electrical devices are then professionally refurbished and put back into the circular economy or correctly recycled.

In the reporting period, the trade-in service was rolled out in all country organizations and embedded in the business processes in accordance with the Services & Solutions department's central standards.

↗ Further information and the management approach for the Services & Solutions segment can be found under "Sustainable services".

[2] This includes both packaging waste returned by customers and transport packaging generated in stores and warehouses in Germany. 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 48 per cent of stores.

Starting as a pilot project in 2019, the trade-in programme has been steadily refined in recent years. Since financial year 2022/23, the trade-in process has been available both online and in stores in all country organizations. Together with suppliers, offers to trade in old devices are advertised regularly. By handing in an eligible old device, customers can purchase a new product at a more attractive price. At the same time, CECONOMY ensures that valuable resources return to the value chain.

The range of products that CECONOMY takes back via the trade-in service now includes smartphones and mobiles, tablets, smartwatches, PCs and laptops, cameras and lenses, and games consoles. Other products are being reviewed all the time and – if possible – added to the service.

In the reporting period, CECONOMY purchased a total of more than 218,000 devices (2021/22: more than 70,000 devices) across its countries through the trade-in services and had them either refurbished or included in a certified recycling process. CECONOMY has set itself a target of purchasing around 600,000 devices in financial year 2025/26.

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. More and more people want to shop responsibly – CECONOMY helps them do so.

Sustainable products

SUSTAINABLE PRODUCTS

CECONOMY and MediaMarktSaturn see themselves as role models for the entire industry. The Group is therefore committed to helping customers live a sustainable lifestyle. For example, MediaMarktSaturn has continually increased the number of sustainable products in its range.

Since financial year 2021/22, sustainable products have all been labelled with the BetterWay logo across the Group at MediaMarkt and Saturn, both online and in stores. To be labelled in this way, products must either have been confirmed as sustainable by an independent certification body or meet product group-specific BetterWay criteria.

Responsibility for "sustainable products" in terms of their definition lies with the Vice President for Sustainability, who reports directly to the Management Board. However, implementation is the responsibility of the various departments in each country. For example, the Category Management department is responsible for selecting the product range, and the Marketing department is responsible for the integration of sustainable products both online and in stores.

Especially when it comes to electronics, end users do not always find it easy to recognize sustainable products. 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 these products and make well-founded purchasing decisions.

As a consumer electronics retailer, CECONOMY is aware of its responsibility to inform customers about the sustainability of a product along the entire value chain and at the same time to ensure compliance with social and ethical aspects during production, such as the safeguarding of human and labour rights.

↗ Further information on sustainability in supplier management can be found in the Social section.

When it joined the European Union's Green Consumption Pledge in April 2021, CECONOMY set itself the target of doubling the number of sustainable products in MediaMarktSaturn's range – starting from approximately 1,000 sustainable products in stores and online shops in calendar year 2020 – by the end of calendar year 2023.

This doubling was already achieved in financial year 2021/22, and the number of sustainable products continued to be successively increased.

Based on this early fulfilment of the target in the Consumption Pledge, CECONOMY raised the target again. When the company signed the European Commission's Sustainable Consumption Pledge – the successor to the Green Consumption Pledge – last March, it pledged to increase the number of sustainable products to 6,000 by 2025.

At the end of financial year 2022/23, CECONOMY's range included approximately 4,930 BetterWay products.

Sustainable products in the range

	2021/22	2022/23
Number of sustainable products	3,207	4,933

In the reporting period, products in the MediaMarktSaturn range were labelled with the BetterWay logo if they had obtained ISO 14024 certification from Blue Angel, TCO Certified or EPEAT. Energy Star compliance is included in the certifications from EPEAT and TCO Certified.

Product groups for which no external certification is available are subject to BetterWay sustainability criteria defined in cooperation with TÜV Rheinland Consulting GmbH. The BetterWay criteria were devised individual for each relevant product group. The main focus was initially on household appliances, since no independent sustainability certifications were available for them. The smartphone product category was also analysed closely. Where they are available for the respective product group, the BetterWay criteria are based on the European energy label and include additional sustainable technical product features of the respective product group. For the smartphone product group, for example, the planned EU legislation has been anticipated and the Repair Index has already been included as an assessment criterion.

To improve customer communications around BetterWay products, a project was launched in financial year 2022/23 to make it easier to show customers why a product is "BetterWay" and therefore sustainable. The results of the project will initially be introduced in stores at the start of financial year 2023/24 and then online as the year progresses.

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 financial year 2022/23: 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 lifecycle of own-brand products were recorded. This identifies the main drivers of emissions and establishes corresponding measures to reduce future emissions.

REFURBISHED PRODUCTS: WE CLOSE THE LOOP

With its ever expanding range of refurbished products, CECONOMY offers sustainability-conscious customers an additional opportunity to conserve resources in their technology purchases. Price-conscious customers are also increasingly turning to refurbished devices, because they both work perfectly and are usually visually indistinguishable from new products. CECONOMY works with selected partners in order to ensure these quality attributes for its customers.

The range of refurbished devices was expanded again in financial year 2022/23. In addition to refurbished smartphones and tablets, customers can now purchase professionally refurbished solar panels and large domestic appliances.

Sale of renewable energy

To help customers to live a sustainable lifestyle, CECONOMY offers them the opportunity to buy green energy.

In financial year 2022/23, customers in Germany, Spain and Belgium were able to enter into such energy contracts with external service providers, both in store and online. This service was also available in Italy, Sweden and the Netherlands at the beginning of the financial year, but was then removed from the programme in these countries due a lack of competitive offerings from energy providers.

CECONOMY brokered a total of 96,285 renewable energy contracts in financial year 2022/23.

Sustainable services

The Vice President of Services & Solutions, who reports to the Chief Commercial & Marketing Officer 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 lifecycle 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 MediaMarktSaturn 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, in-house technicians are on hand to repair mobile telephones. They offer a wide range of innovative services – from display protection and extended warranties to on-the-spot smartphone repair. SmartBar 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 continue building on the circular economy approach, SmartBars will be stores' central point of contact for new and existing services in the future. They offer services such as software services, printing, calibration, service acceptance – either remotely or at the customer's home, immediate repairs, spare parts services and e-scooter repairs.

Similarly to the previous year, around 3.2 million appliances were repaired via CECONOMY and MediaMarktSaturn in financial year 2022/23. CECONOMY has set itself a target of performing around 3.5 million repairs in financial year 2025/26.

PRODUCT RENTAL

In cooperation with an external service provider, CECONOMY offers customers the opportunity to rent appliances. The Group is thus helping to ensure more sustainable technology consumption: Once returned, products are refurbished and reused. This service is currently available in Germany, Austria and Spain. In total, just under 20,000 million product rental agreements were concluded in financial year 2022/23.

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 48,000 employees[3]. 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 – a positive and sustainable employee experience as one of the four strategic pillars – 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 MediaMarktSaturn Retail Group GmbH (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 MMSRG and CECONOMY AG. The HR Sounding Board is an important functional body that consists of managing directors from the operating business of all country organizations and representatives of the HR department. Its goal is to integrate HR issues even more effectively into the corporate strategy and to advance HR projects. Central recommendations and project successes are presented to and communicated 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, generate further growth and support the transformation in line with the corporate strategy. 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

[3] Unless stated otherwise, the key figures for employees do not include trainees or students.

positions CECONOMY as an attractive employer, ensuring that it can hold its own in an environment of increasing competition for talented and new employees.

In this context, CECONOMY has also developed introduced modern management and corporate principles, which aim to strengthen cooperation and break down silos. These new corporate and management principles were communicated via various channels and implemented in every country. They are the basis for all employee development and talent programmes and initiatives, for example through success integration in feedback meetings for employees.

One focal area of personnel development in financial year 2022/23 was the strategic "Services & Solutions Upskilling" programme. This programme enabled all sales floor employees in all countries to increasingly focus customer advice on MediaMarktSaturn's portfolio of offerings complemented by a variety of services. Trainers were trained for this in all stores, who then passed on their knowledge to all employees in a series of seven workshops (train-the-trainer approach). The roll-out of the programme will conclude as scheduled in calendar year 2023.

Another strategic issue was also addressed in an extensive training programme: sustainability. In three modules, employees throughout the Group were offered extensive knowledge about climate, circular economy and responsibility in the supply chain. Depending on the business area, this training was mandatory.

In addition to the central, content-based initiatives, CECONOMY also promotes bespoke continuing professional development for young talent, specialists and executives. There are also extensive offerings for employee development in the country organizations and subsidiaries. Executives are of paramount importance throughout the company. They are responsible looking after their employees and actively supporting their development.

To enable them to do this effectively, executives must complete anti-bias training, for example. The objective of the training is for them to critically examine their own prejudices in order to make more objective decisions in future. Assessments are also increasingly used in the selection and development of executives, which in turn review and reinforce the implementation of corporate and management principles throughout the Group by promoting and affirming the culturally desired behaviours in candidates.

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 therefore been revised, starting at the headquarters in Ingolstadt. E-learning sessions, short videos and workshops were designed as part of this roll-out 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 company-wide.

A first international pool of talents and a specific regional group of executives from German sales were created, whose participants were prepared for their next management role in a nine-month learning journey. This learning journey included many management and cultural topics as well as indirect training such as coaching and mentoring. After the great success of the first pool and a series of vacancies filled and promotions granted as a result, the second cohort are now undertaking their learning journey.

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. In financial year 2022/23, for instance, a specific question was included on the implementation of follow-up measures derived from the NPP survey. Nearly three quarters, or 72 per cent, of all participating employees said that they were aware of specific measures resulting from the last survey in their environments.

Based on the findings of recent surveys, a whole raft 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. Measures that promote direct and personal exchange are particularly notable here, such as regular CEO calls for all employees, a business breakfast with the Board in Germany and Austria, coffee dates including pulse checks and discussions in Switzerland and regular updates for executives at the Group headquarters in Ingolstadt. After the restrictions during the pandemic, in-person events were highly appreciated in the past financial year.

The optimization of employee development based on the survey results also resulted in many initiatives worldwide. In Poland, for example, the "Passion4Growth" programme was launched for talented employees in operations. In the Netherlands, the Development Centre was reinforced as a central training unit. Talent pools have been set up in Switzerland for employees who are critical to success in the stores, offering additional prospects to employees with particularly strong sales.

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. For example, the Austrian country organization's stores in Vienna, Tyrol and Vorarlberg were designated as top teaching facilities again this year. HR departments in countries such as Poland and Switzerland are frequently mentioned in trade journals and invited to participate in panels at conferences.

Since financial year 2021/22, CECONOMY also reports the average training duration in days so that the duration of employee training can be measured. The average employee training duration in financial year 2022/23 was 3.2 days[4] (2021/22: 1.8 days[5]). A large part of this increase is attributable to the above-mentioned Services & Solutions training programme.

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:

The company's management has adopted a Code of Conduct on various topics, such as anti-discrimination and the correct handling of personal data. The amendments to the Nachweisgesetz (German Act on the Notification of Conditions Governing the Employment Relationship) that came into effect in Germany in 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 then 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. On top of this, elections of new delegates for the Euro Forum

[4] Not including the Swedish and Portuguese country organizations due to the M&A transactions during the year
[5] The figures include the training of employees in all countries whose training is administered via the central system. Not including the country organizations in Belgium, the Netherlands, Luxembourg and Poland due to a lack of system support

(European Works Council) were held in spring 2023. The employee representatives for the Supervisory Board of CECONOMY AG were likewise elected as scheduled in spring 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.

The "social dialogue" was held in Ingolstadt on 13 and 14 September 2023 in the form of a cross-company dialogue between the Works Council chair of the German Group and the CECONOMY Management Board and selected representatives. The agenda included the following topics: corporate strategy, business update, outlook for new business models, status update for Omnichannel Spine and "one stock" and an insight into "employee experience". The dialogue aimed to give the employee representatives an overview of the corporate strategy and the current initiatives and to discuss them together.

On 14 September 2023, the newly elected Euro Forum also held its constituent meeting and elected its chairperson and the Euro Forum SteerCo. The SteerCo is responsible for planning and preparing the first Euro Forum meeting.

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 and long-term HR policy that takes account of family considerations and life stages by way of the "berufundfamilie" audit. The certification was reconfirmed last year.

The part-time ratio at CECONOMY is 31.4 per cent. 25.5 per cent of our employees in Germany work part-time, while internationally the figure is 35.7 per cent.

A remote working concept is also in place at administrative locations in Germany, Switzerland, Poland, the Netherlands, Hungary and Austria, 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 again named a "Great Place to Work".

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 in all national legislatures, for example under German law by the

Arbeitsschutzgesetz (Occupational Health and Safety Act), as well as other minimum standards based on internal regulations.

Health and safety experts visit CECONOMY's administrative and operating locations and stores at regular intervals (approximately twice a year) in order to identify work-related hazards at an early stage and minimize or prevent risks. These visits are carried out by occupational safety experts/safety engineers employed at the country organizations or by external partner firms. Together with management, detailed risk assessments are prepared and updated.

Relevant incidents such as workplace accidents or fires are reported by the 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 fell to 4.0 per cent[6] in financial year 2022/23 (2021/22: 4.2 per cent).

Diversity, inclusion and equal opportunities

In order to offer customers the best possible shopping experience, CECONOMY employs a diverse workforce who can contribute different perspectives and solutions: the more diverse the employees, the more extensive the skills and knowledge within the company. Staff from 133 different countries (2021/22: 130 countries) were employed throughout the CECONOMY Group as at the end of financial year 2022/23. 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 gender, ethnic background, sexual identity, any disabilities or their religion or ideology. By creating additional resources and establishing an international DEI team, CECONOMY has also taken the next vital step to further strengthen diversity, equal opportunities and inclusion. The team reports directly to the CHRO in the Talent Development department and is therefore highly visible. In recent months, it has established an international network, defined diversity targets at various levels and initiated systematically supporting activities, particularly in the three focus dimensions of gender, age and physical and mental performance.

So as not to give prejudice a chance, the entire international Leadership Team was invited to undergo "Executive Decision Making" training in order to familiarize themselves with their unconscious bias, to learn how this influences thought and decision-making processes, and to understand why a conscious approach to unconscious bias is essential in the corporate context in order to gain more control over their decision-making process. Based on the positive feedback from the executives, all employees – in stores and in head offices – will be provided with unconscious bias training in the next financial year.

An official anti-discrimination policy was also rolled out in all countries in financial year 2022/23. In Germany, this was accompanied by mandatory e-learning on the topic and a comprehensive communication campaign aimed at employees under the motto "together for a strong community". Other countries have announced that they will follow this example.

↗ 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. To achieve this, specific targets have been agreed with the management of the country organizations. At the same time, structural changes were made, for example to the succession planning process at level 1 and level 2 and the nomination process for the International Leadership Programme.

The "Women in Retail" initiative launched in 2019 also continues to coordinate a wide variety of measures such as "Female Leadership Lunches" and best practice sessions. At the same time, the internal Women in Retail network was further expanded nationally and internationally. In addition, young talent programmes and initiatives to promote

[6] This figure includes paid absences due to illness. Absences due to occupational accidents and accidents while commuting are not included.

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, the Polish organization has launched several social media campaigns that playfully address and examine prejudices and encourage women to apply for jobs in the consumer electronics industry. In Spain, recruitment procedures have been adapted to appeal more to women, and collaboration with the ESADE Business School was continued in a programme that focusses exclusively on the development of female executives. A similar programme is currently being prepared in Hungary.

In Germany, a pilot mentoring programme that aimed to make female talents more visible and build up networks was successfully concluded. Additional projects will be initiated on this basis in the next financial year.

At the first two management levels (including senior executives, level 1 and level 2) at CECONOMY, the share of women at the end of this financial year came to 13.9 per cent overall (2021/22: 13.9 per cent), 15.3 per cent of whom are at the first management level (level 1; 2021/22: 8.5 per cent) and 13.8 per cent at the second management level (level 2; 2021/22: 14.2 per cent). To effectively manage the proportion of women, targets have been discussed and agreed for the key decision-makers in recruitment and succession planning at these two important management levels. The highest management level is represented by the top 150 managers: executives, members of the (country) boards, (Executive) Vice Presidents, heads of the largest companies and individuals with high potential from the international talent programme.

Across all management levels, the share of female employees in management positions at CECONOMY is 22.0 per cent (2021/22: 21.9 per cent). The share of women in CECONOMY's overall workforce is 39.4 per cent (2021/22: 39.3 per cent).

Share of women at CECONOMY

	2021/22	2022/23
Share of women in the total workforce (in %)	39.3	39.4
Share of women in management positions (in %)	21.9	22.0

↗ 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.

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 Supplier Code of Conduct.

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 Supply Chain Due Diligence Act (LkSG) and makes 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.

Overall responsibility for sustainability in the supply chain lies with the Management Board of CECONOMY AG. In addition, the role of Human Rights Officer was established in financial year 2021/22 in accordance with the requirements of LkSG. The Human Rights Officer is responsible for monitoring risk management in accordance with LkSG. The implementation of risk management is the responsibility of the Sustainability department. The Vice President for

Sustainability reports directly to the Management Board and manages the sustainability concerns of CECONOMY AG and MMSRG. With regard to the implementation of LkSG requirements, the Sustainability department reports general sustainable supplier management activities and their implementation status to CECONOMY AG's Management Board and Supervisory Board at quarterly meetings.

For the enhancement and optimization of risk management, CECONOMY conducted a comprehensive software-based risk analysis of the supply chain and a risk analysis of its own business area across all country organisations with regard to human rights and environmental aspects in financial year 2022/23. As part of this, priority risks in the company and along the supply chain were identified, especially with regard to direct suppliers. The company-specific, software-based screening of suppliers classified only 0.89 per cent of all suppliers as high-risk (255 suppliers, of which 60 goods suppliers and 195 cost suppliers, out of a total of 28,586 suppliers). Here, CECONOMY works closely with suppliers to proactively and appropriately counteract existing risks, including obtaining contractual assurances from the suppliers. If necessary, corrective measures are also taken. CECONOMY aims to continually reduce the number of high-risk suppliers. In financial year 2025/26, only a maximum of 0.5 per cent of all suppliers are to be classified as high-risk.

The risk analysis of the company's own business area with regard to human rights aspects in HR and occupational health and safety found no risks or violations pursuant to LkSG. With regard to the environmental risks pursuant to LkSG, potential for improvement was identified in the end-to-end processes aimed at minimizing those risks. Furthermore, the overview of harmful substances present in the supply chain is limited to certain products. In this context, measures are being taken in financial year 2023/24 to increase transparency in the supply chain with regard to such substances and end-to-end processes aimed at minimizing environmental risks.

For the further implementation of LkSG requirements and integration of human rights aspects into procurement processes, CECONOMY has initiated changes in standard contracts and internal processes. Furthermore, an E-learning on human rights was developed and introduced. This E-learning will remain compulsory to complete on the annual basis for employee groups that are directly affected by LkSG requirements, but is also available to all Group employees and must be carried out annually for the relevant employee groups according to LkSG.

In addition to the Human Rights Declaration, 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 Human Rights Declaration 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 is a further instrument for identifying human rights risks and violations. Any suspected human rights violations at CECONOMY or in the supply chain can be reported anonymously using this whistleblowing system, by employees and third parties alike.

Responsible purchasing practices and corresponding guidelines perform a vital function in preventing negative repercussions of CECONOMY's business activities on people and the environment.

↗ Further information on the whistleblowing system can be found in the section on compliance and at https://www.bkms-system.net/mediasaturngroup/speakup

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 Supplier 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 financial year 2022/23. 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]

	2021/22	2022/23
Number of suppliers audited (absolute)	158 of 160	164 of 166
Share of suppliers audited (in %)	98.8	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

As far as we are concerned, sustainability is non-negotiable – indeed, it is an integral part of our corporate identity. This is why we are continuously expanding our sustainable range of products and services in connection with the circular economy.

We are increasingly offering customers guidance on responsible consumption while simultaneously stepping up our efforts to reduce emissions and conserve resources in our business operations.

We are increasing the number of sustainable products and placing even greater emphasis on energy-saving appliances. We are also driving the circular economy by expanding our range of refurbished products and extending our trade-in service to additional product groups. At the same time, our extensive repair services and our new repair subscription, myMediaMarkt+, enable our customers to use their devices and appliances for as long as possible.

We are committed to sustainable action in all business processes. Our immediate goal by the end of the next financial year is to achieve net zero emissions in energy procurement for our stores, administrative locations and vehicle fleet. We are also refining our sustainability approach in the supply chain by continuously minimizing risks in cooperation with our suppliers and increasingly incorporating sustainability principles into our procurement processes. We define and implement suitable sustainability measures and require our suppliers to do the same.

We are working to further reduce the carbon footprint generated by the manufacture and use of our own brand products. Moreover, we are continuously optimizing our packaging materials in order to reduce resource consumption.

Moving forward, we will make greater use of electric vehicles to deliver to our customers. Our aim is to expand the options for emission-neutral delivery in more than 80 cities by financial year 2025/26.

We firmly believe that we can make a huge difference as Europe's largest consumer electronics retailer.

INDEPENDENT PRACTITIONER'S REPORT ON A LIMITED ASSURANCE ENGAGEMENT ON NON-FINANCIAL REPORTING[1]

TO CECONOMY AG, DÜSSELDORF

We have performed a limited assurance engagement on the separate non-financial group report of CECONOMY AG, Düsseldorf, (hereinafter the "Company") for the period from 1 October 2022 to 30 September 2023 (hereinafter the "Separate Non-financial Group Report").

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Separate Non-financial Group Report.

Responsibility of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Separate Non-financial Group Report in accordance with §§ (Articles) 315c in conjunction with 289c to 289e HGB ("Handelsgesetzbuch": "German Commercial Code") 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 Separate Non-financial Group Report.

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, the executive directors are responsible for such internal control as the executive directors consider necessary to enable the preparation of a Separate Non-financial Group Report 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, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section "EU Taxonomy" of the Separate Non-financial Group Report. 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.

Independence and Quality Control of the Audit Firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly

[1] PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the separate non-financial group report and issued an independent practitioner`s report in German language, which is authoritative. The following text is a translation of the independent practitioner`s report.

maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of the Assurance Practitioner

Our responsibility is to express a conclusion with limited assurance on the Separate Non-financial Group Report based on our assurance engagement.

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 Separate Non-financial Group Report, other than the external sources of documentation or expert opinions mentioned in the Separate Non-financial Group Report, is not prepared, in all material respects, in accordance with §§ 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 the executive directors disclosed in section "EU Taxonomy" of the Separate Non-financial Group Report.

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 judgement of the assurance practitioner.

In the course of our assurance engagement, we have, amongst other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the Group's sustainability organisation and stakeholder engagement
- Inquiries of the executive directors and relevant employees involved in the preparation of the Separate Non-financial Group Report about the preparation process, about the internal control system relating to this process and about disclosures in the Separate Non-financial Group Report
- Identification of likely risks of material misstatement in the Separate Non-financial Group Report
- Analytical procedures on selected disclosures in the Separate Non-financial Group Report
- Reconciliation of selected disclosures with the corresponding data in the consolidated financial statements and combined management report
- Evaluation of the presentation of the Separate Non-financial Group Report
- Evaluation of the process to identify taxonomy-aligned economic activities and the corresponding disclosures in the Separate Non-financial Group Report
- Inquiries on the relevance of climate-risks
- Evaluation of CO_2 compensation certificates exclusively with regard to their existence, but not with regard to their impact

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are 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.

Assurance Opinion

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Separate Non-financial Group Report of the Company for the period from 1 October 2022 to 30 September 2023 is not prepared, in all material respects, in accordance with §§ 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 the executive directors disclosed in section "EU Taxonomy" of the Separate Non-financial Group Report.

We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the Separate Non-financial Group Report.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

Munich, 13 December 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Hendrik Fink	ppa. Felix Wandel
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INFORMATION AND FINANCIAL CALENDAR

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Disclaimer
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 18 December 2023

Financial calendar 2023/24

9 February 2024	Quarterly statement Q1 2023/24
14 February 2024	General Meeting
15 May 2024	Half-year financial report Q2/H1 2023/24
14 August 2024	Quarterly statement Q3/9M 2023/24
29 October 2024	Trading statement Q4/FY 2023/24
18 December 2024	Annual report FY 2023/24

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