

Non-binding convenience translation

CECONOMY AG

Articles of Association

Version: Resolution of the General Meeting
of 6 February 2017

I. GENERAL PROVISIONS

§ 1

Name, Registered Office, Financial Year

- (1) The name of the Company is CECONOMY AG.
- (2) Its registered office is located in Düsseldorf.
- (3) The financial year commences on 1 October and ends on 30 September of the following calendar year.

§ 2

Purpose of the Company

- (1) The purpose of the Company comprises:
 - Trading businesses of all kinds related to the operation of retailing enterprises, mail order, wholesale trade and sales channels based on new electronic media;
 - Manufacturing and development of products that may be the object of commerce and of services;
 - Execution of real-estate transactions of all kinds including property development;
 - Services, in particular in connection with trading, consumer goods and logistics as well as trade-related digital business models;
 - Brokering of financial services for, through or by affiliates and subsidiaries;
 - Asset management.
- (2) The Company may perform all and any acts and actions, and transact any businesses, which appear or are deemed expedient to the Company's purpose or are directly or indirectly related thereto. Any such business as requires specific governmental permits, licenses or approvals may not be transacted until after such permits, licenses or approvals have been granted. The Company may establish, form, acquire, manage or purchase equity interests, whether by minority shareholding or otherwise, in, or sell or dispose of, any such enterprises in Germany and abroad active in the business areas specified in para. 1 herein above.
- (3) The Company may confine its activities to one or some of the business areas specified in para. 1 herein above. The Company may also conduct its activi-

ties indirectly through subsidiaries, associated and joint venture companies, in whole or in part. In particular, it may leave its operations to affiliated enterprises and/or hive them down to affiliated enterprises, in whole or in part. It may also confine itself to the activities of a management holding and/or otherwise to the administration of its own assets.

§ 3 Notices

Notices of the Company will be published in the electronic Federal Gazette [*elektronischer Bundesanzeiger*].

II. CAPITAL STOCK AND SHARES

§ 4 Capital Stock and Shares

- (1) The capital stock amounts to Euro 835,419,052.27.
- (2) The capital stock is divided into 324,109,563 ordinary shares and 2,677,966 non-voting preference shares.
- (3) The ordinary shares and the preference shares are made out to the bearer.
- (4) The non-voting preference shares have preference in the payment of dividends pursuant to § 21 of these Articles of Association.
- (5) The Company reserves to itself the right to resolve on the issuance of further preference shares which, in respect of the distribution of profits or the Company's assets, may rank prior to, or *pari passu* with, the already existent non-voting preference shares.
- (6) The form of physical share certificates, dividend warrants and renewal coupons shall be determined by the Management Board with the Supervisory Board's approval. The Company may issue multiple share certificates evidencing several shares (global certificates). The shareholders' right to demand issuance of certificates for their shares in the Company and the dividend warrants and renewal coupons shall be excluded, except to the extent that the issuance of such certificates is required under the rules of a stock exchange on which the Company's shares are listed.
- (7) The Management Board is authorised, with the consent of the Supervisory Board, to increase the capital stock of the Company on one or more occasions on or before 5 February 2022 by issuing new ordinary bearer shares in exchange for contributions in cash or in kind up to a maximum amount of Euro 417,000,000 (authorised capital). As a general rule, the shareholders

are to receive subscription rights in this respect.

The new shares may also be assumed by credit institutions, or by enterprises that are equivalent pursuant to § 186 (5) sent. 1 German Stock Corporation Act, that are designated by the Management Board, subject to the obligation to offer them to the shareholders for subscription.

However, the Management Board is authorised, with the consent of the Supervisory Board, to exclude the shareholders' subscription right in the following cases:

- for the compensation of fractional amounts;
- if the shares are issued in exchange for contributions in kind for the purpose of corporate mergers or for the acquisition of companies, divisions of companies, operational activities, branches of activity or interests in companies;
- in the event of a capital increase in exchange for cash contributions to the extent necessary to grant subscription rights to new ordinary shares to the holders of warrant or convertible bonds issued by the Company or such affiliates in which the Company holds at least 90 percent of the shares, directly or indirectly, in the scope to which they would be entitled 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 as shareholder;
- in the event of a capital increase in exchange for cash contributions, if the aggregate nominal value of such capital increases does not exceed 10 percent of the Company's capital stock and the issue price of the new shares is not substantially lower than the stock exchange price of the ordinary shares of the Company with the same features that are already listed. The limit of 10 percent of the capital stock is diminished by the portion of the capital stock attributable to the Company's own shares which during the term of the authorised capital (i) are used or disposed of as own shares with an exclusion of the shareholders' subscription rights in application, mutatis mutandis, of § 186 (3) sent. 4 German Stock Corporation Act, or (ii) are issued from contingent capital to satisfy warrant or convertible bonds which themselves were or are issued without subscription rights in application, mutatis mutandis, of § 186 (3) sent. 4 German Stock Corporation Act.

The portion of the capital stock attributable to shares that are being issued in exchange for contributions in cash and/or in kind during the term of this authorisation with an exclusion of the shareholders' subscription rights may not exceed 20 percent of the Company's capital stock existing at the point in time of the adoption of the resolution by the General Meeting.

The Management Board is authorised, with the consent of the Supervisory Board, to determine further details of the capital increases.

- (8) The capital stock is conditionally increased by up to Euro 127,825,000, divided into up to 50,000,000 ordinary bearer shares (Contingent Capital I). The conditional capital increase shall only be executed insofar as the holders of warrant or conversion rights or those with conversion or warrant obligations arising from warrant or convertible bonds issued or guaranteed by the Company or an affiliate of the Company in terms of § 18 German Stock Corporation Act, in which the Company holds at least 90 percent of the shares, directly or indirectly, based on the authorisation adopted by the General Meeting of 20 February 2015 under Agenda Item 10, exercise their warrant or conversion rights or, insofar as they are obligated for conversion or to exercise warrants, fulfil their obligation for conversion or for exercise of warrants, or insofar as the Company exercises an option to provide ordinary shares of the Company in lieu of paying the cash amount due, in whole or in part. The conditional capital increase shall not be executed insofar as a cash settlement is provided or treasury shares or shares of another listed company are used for the fulfilment.

The respective warrant or conversion price to be determined for each ordinary share must, also in the case of a variable conversion ratio/warrant or conversion price, either equal at least 80 percent of the average closing price of the ordinary shares of the Company in Xetra trading on the Frankfurt Stock Exchange (or a functionally comparable successor system to the Xetra system) on the ten exchange trading days prior to the date the resolution is adopted by the Management Board regarding the issuance of the warrant or convertible bonds or – in the event subscription rights are granted – at least 80 percent of the average closing price of the ordinary shares of the Company in Xetra trading on the Frankfurt Stock Exchange (or a functionally comparable successor system to the XETRA system) during the subscription period, with the exception of the days of the subscription period required for timely announcement of the warrant or conversion price pursuant to § 186 (2) sent. 2 German Stock Corporation Act.

The new ordinary shares take part in profit from the beginning of the financial year in which they are created based on the exercise of warrant or conversion rights or the fulfilment of warrant or conversion obligations. The Management Board is authorised, with the consent of the Supervisory Board, to define further details of the implementation of the conditional capital increase.

III. MANAGEMENT BOARD

§ 5 Composition

- (1) The Management Board shall have not less than two members.
- (2) The actual number of Management Board members will be determined by the Supervisory Board.

§ 6

Business Management and Representation

- (1) The members of the Management Board shall conduct and manage the business of the Company in accordance with the law, these Articles of Association and the Management Board's Code of Procedure.
- (2) The Company shall be legally represented either by two Management Board members or by one member of the Management Board jointly with one officer with statutory authority (*Prokurist*).
- (3) The Supervisory Board may release individual members of the Management Board from the prohibition of multiple representation pursuant to § 181 2nd Alt. German Civil Code in individual cases.

IV. SUPERVISORY BOARD

§ 7

Composition, Term of Office

- (1) The Supervisory Board shall have 20 members, 10 of whom will be elected by the employees.
- (2) The Supervisory Board members are elected for the period up to that General Meeting which votes on the formal approval of the actions of the members of the Supervisory Board in the fourth financial year after commencement of the Supervisory Board's term of office. The financial year in which the term of office commences is not included in this count. Supervisory Board members may be re-elected. The General Meeting may also determine a shorter term of office at the elections.
- (3) Any member of the Supervisory Board may at any time step down from office by giving one month's written notice to the Chairman of the Supervisory Board or to the Management Board without stating grounds or reasons. The Chairman of the Supervisory Board – or the Vice Chairman in the event of the Chairman of the Supervisory Board stepping down from office – may consent to a shortening of this period or a waiver of the observance of the period. This shall not affect the right to step down from office for good cause.

§ 8
Chairman and Vice Chairman

- (1) The Supervisory Board will elect a Supervisory Board Chairman and Vice Chairman from among its members with the majority prescribed by law.
- (2) Should the Chairman or his deputy (Vice Chairman) step down from the Supervisory Board or resign from office, the Supervisory Board shall promptly proceed to the election of a successor to this office.

§ 9
Convocation of Meetings of the Supervisory Board

- (1) Supervisory Board meetings shall be convened by the Chairman at 14 days' notice in writing, by telex, cable, fax or by means of electronic or other media. In urgent cases, the Chairman may reduce the term of notice and convene a meeting orally or by telephone.
- (2) The invitation shall be accompanied by an itemized agenda. Agenda items not communicated in due time may effectively be resolved at the meeting as long as no Supervisory Board member objects to such procedure.

§ 10
Supervisory Board Resolutions

- (1) Resolutions shall be adopted by the Supervisory Board at meetings. The Chairman may accept the participation of Supervisory Board members in a meeting and adoption of resolutions by way of a telephone or video conference. If ordered by the Chairman of the Supervisory Board, resolutions may also be passed outside of meetings by submitting votes in writing, by telephone, fax, electronically or in an equivalent form. For the adoption of resolutions outside of meetings, the following provisions shall apply analogously.
- (2) The Supervisory Board shall be deemed to have a quorum if, after inviting all its members, not less than one half of all its mandatory members participate in the adoption of the resolution. Members who are joining by way of telephone or video conference shall be deemed to be attending. A member shall also be deemed to participate in the adoption of a resolution if it abstains from a vote. At any rate, not less than three members shall participate in a vote.
- (3) Absent Supervisory Board members may participate in the passing of resolutions by submitting votes through other Supervisory Board members that were transmitted in writing, by fax, electronically or in a comparable form (voting messages).

- (4) Resolutions shall be adopted by a simple majority of the votes cast, unless mandatory legal provisions provide otherwise. An abstention shall not be deemed a vote.
- (5) The Chairman will determine the order in which the agenda items shall be dealt with, as well as the mode and order of voting.
- (6) Minutes of the meeting shall be prepared to record the items dealt with and resolutions passed by the Supervisory Board; such minutes shall be signed by the Chairman of the meeting or – in the event of resolutions adopted outside a meeting – by the officer managing the voting procedure.

§ 11 Committees

- (1) The Supervisory Board may establish one or more committees from among its members. To the extent permitted by law, certain Supervisory Board powers of decision may be delegated to such committees.
- (2) Each committee may appoint a Chairman from among its members unless such Chairman is appointed by the Supervisory Board itself.
- (3) For the procedures to be adopted by the committees, the provisions of §§ 9, 10 shall apply analogously. Should any voting result in a tie, the Chairman shall have two votes in a second ballot on the same item if it again results in a tie. Such second vote, too, may be cast in writing analogously to § 10 (3).

§ 12 Code of Procedure, Declarations of Intent

- (1) The Supervisory Board shall establish its own Code of Procedure by virtue of the law and in accordance with these Articles of Association.
- (2) The Chairman or, should he be unable to do so, the Vice Chairman, shall be authorised to make the declarations on behalf of the Supervisory Board that are essential to implement the resolutions of the Supervisory Board and its committees.

§ 13 Remuneration of the Supervisory Board

- (1) The members of the Supervisory Board shall receive a fixed annual remuneration. This fixed remuneration shall amount to 80,000 euros for each member.

- (2) The Chairman of the Supervisory Board shall receive triple, his deputy and the chairmen of the committees shall each receive double and the other members of the committees shall each receive one and a half times of the amount stipulated in (1). This shall not apply with regard to the chairmanship and the membership in the committee pursuant to § 27 (3) German Co-Determination Act. The remuneration for a membership or the chairmanship in a committee shall only be paid if at least two meetings or other adoptions of resolutions of this committee have taken place in the respective financial year. If a member of the Supervisory Board holds several of the offices specified in sent. 1 at the same time, he shall receive only the remuneration for one office, in the case of different remunerations for the office with the highest remuneration.
- (3) The remuneration shall be payable at the end of the respective financial year.
- (4) Supervisory Board members who served on the Supervisory Board only for part of the financial year shall, shall receive one twelfth of the remuneration for each month of service or any part of such month. This shall apply accordingly with regard to memberships in a committee, the chairmanship or the deputy chairmanship in the Supervisory Board or the chairmanship in a committee.
- (5) The Company shall reimburse to the members of the Supervisory Board the expenses incurred from their holding of the office as well as any VAT payable on the remuneration and the reimbursement of expenses.

§ 14

Amendments, Confidentiality

- (1) The Supervisory Board is authorised to decide on such amendments to these Articles of Association as relate to their wording only.
- (2) Even after their resignation from office, Supervisory Board members shall not disclose to third parties any of the confidential information, data and secrets of the Company that may have come to their attention during their term of office. In the event that a Supervisory Board member intends to pass on to a third party any information for which it cannot be safely precluded that such information is confidential or relates to secrets of the Company, such member will be obligated prior to any disclosure to consult the Chairman for comment thereon.

V. GENERAL MEETING

§ 15

Venue, Convening

- (1) The General Meeting shall be held at the Company's registered office, at the location of a German stock exchange or in another city in the Federal Republic of Germany with more than 500,000 inhabitants.
- (2) The convening must be made public at least thirty days prior to the date by the end of which the shareholders have to register for attendance (§ 16 (1)). In this regard, the day of publication shall not be included in the calculation.

§ 16

Right to Attend

- (1) Holders of ordinary shares are entitled to attend the General Meeting and to exercise their voting rights, holders of preference shares are entitled to attend the General Meeting– and, in the cases provided for by statutory law, also to exercise their voting rights – if they have registered for the General Meeting in advance. The Company must receive the registration at the address specified in the invitation to the General Meeting in text form, and in the German or English language, at least six days prior to the General Meeting, not including the date of receipt and the date of the General Meeting.
- (2) The right to attend the General Meeting and to exercise voting rights must be verified. Therefore a verification of share property in text form and in the German or English language from the depository institution maintaining the securities account is required. The verification of share property must relate to the beginning of the twenty-first day prior to the date of the General Meeting and must be received by the Company at the address specified in the invitation to the General Meeting at least six days prior to the General Meeting, not including the date of receipt and the date of the General Meeting. Only persons/entities which have provided verification in due form and time will be regarded as shareholders vis-à-vis the Company for attendance at the General Meeting and the exercise of voting rights.
- (3) The Management Board may allow and define procedures for shareholders to participate in the General Meeting even without attending or appointing a proxy, and to exercise all or some of their rights in whole or in part by means of electronic communication.

§ 17 Chairmanship

- (1) The Chairman of the Supervisory Board, or another Supervisory Board member designated by him, shall preside over the General Meeting. In the event that neither the Chairman of the Supervisory Board nor the Supervisory Board member designated by him takes the chair, the members of the Supervisory Board present at the General Meeting shall elect the person who is to preside over the meeting.
- (2) The Chairman presides over the meeting, determines the order of business to be transacted at the meeting and decides on the mode and form of voting. He may permit video and audio broadcasts of the General Meeting. The voting result may also be determined by deducting the number of ayes or nays and abstentions from the total number of votes of shareholders with voting rights.
- (3) The Chairman has the right to set an appropriate time limit for the shareholders' right to ask questions and speak. In particular, he has the right to set a time frame for the shareholders' right to ask questions and speak for the entire General Meeting, on individual agenda items and for individual speakers.

§ 18 Voting Right

- (1) One ordinary share confers one vote.
- (2) Voting rights may be exercised by proxy. Unless a lesser requirement is provided by law, proxies may only be issued, revoked and documented vis-à-vis the Company in text form. The provisions in § 135 German Stock Corporation Act shall remain unaffected. A lesser requirement may be determined in the invitation to the General Meeting.
- (3) The Management Board may allow and define procedures for shareholders to cast their votes even without attending the General Meeting, in writing or by means of electronic communication (postal vote).
- (4) Except as otherwise provided by the law, preference shares do not confer votes.

§ 19 Majority prerequisites

Unless mandatory statutory provisions stipulate otherwise, resolutions will be adopted by the General Meeting by simple majority of votes cast; in cases

where a majority of the capital stock is prescribed, the simple majority of the capital stock represented thereat will suffice to pass a resolution. This shall not apply to resolutions pursuant to § 103 (1) AktG (dismissal of member of the Supervisory Board).

VI. ANNUAL FINANCIAL STATEMENTS

§ 20

Annual Financial Statements and Appropriation of Profits

- (1) During the first three months of a financial year, the Management Board shall draw up the annual financial statements and the management report for the past financial year and present them without undue delay upon completion to the Supervisory Board. At the same time, the Management Board shall present to the Supervisory Board the proposal for the appropriation of the balance sheet profit it intends to make to the General Meeting.
- (2) The Supervisory Board shall appoint the independent auditors for the audit of the annual financial statements.
- (3) On adopting the annual financial statements, the Management Board and the Supervisory Board shall be authorised to transfer to the other reserves retained from earnings all or part of such net income as remains after appropriation of the required amounts to the legal reserve and after deducting any loss carried forward. The transfer of more than one half of the net income to the other reserves shall not be permissible to the extent that such reserves would after such transfer exceed fifty percent of the capital stock.
- (4) When deciding on the appropriation of balance sheet profits, the General Meeting may adopt a resolution for a distribution in kind instead of or in addition to a cash distribution.
- (5) In the event of a capital increase, the participation in profits of new shares may be determined in derogation of § 60 (2) sent. 3 German Stock Corporation Act.
- (6) After the close of a financial year, subject to the Supervisory Board's consent, the Management Board may distribute an interim dividend to the shareholders pursuant to § 59 German Stock Corporation Act.

§ 21 Distribution of Profits

- (1) Holders of non-voting preference shares will receive from the annual balance sheet profits an advance dividend of Euro 0.17 per preference share which is to be paid in arrears.
- (2) Should the balance sheet profits available for distribution not suffice in any one financial year to pay the advance dividend, the arrears (excluding any interest) shall be paid from the balance sheet profits of future financial years in an order based on age, i.e. in such manner that any older arrears are paid off prior to any more recent ones and that the preferred dividends payable from the profit of a financial year are not distributed until all of any accumulated arrears have been paid.
- (3) After the advance dividend has been distributed, the holders of ordinary shares will receive a dividend of Euro 0.17 per ordinary share. Thereafter, an extra dividend of Euro 0.06 per share, which does not have to be paid in arrears, will be paid to the holders of non-voting preference shares. The extra dividend shall amount to 10 percent of such dividend as, in accordance with para. 4 below, will be paid to the holders of ordinary shares, to the extent such dividend equals or exceeds Euro 1.02 per ordinary share.
- (4) The holders of non-voting preference shares and of ordinary shares will equally share in any additional profit distribution in the proportion of their shares in the capital stock.

VII. FINAL PROVISIONS

§ 22

The formation costs at the Company's expense amount to DM 2,300.

Please note:

The binding language of the Articles of Association of the Company is German. Accordingly, only the German version of the Articles of Association shall be legally binding, while the English version is a convenience translation.