

CECONOMY

CECONOMY AG

(a stock corporation incorporated under the laws of the Federal Republic of Germany)

€500,000,000 1.750% Senior Notes due 2026

Issue Price: 99.409%

CECONOMY AG, a stock corporation (*Aktiengesellschaft*) organized under the laws of the Federal Republic of Germany (“**Germany**”), having its registered office at Kaistraße 3, 40221 Düsseldorf, Germany, registered with the commercial register (*Handelsregister*) at the local court (*Amtsgericht*) of Düsseldorf, Germany, under the registration number HRB 39473 (the “**Company**” or the “**Issuer**” and, together with its consolidated subsidiaries, “**CECONOMY**” or the “**Group**”) will issue on or about June 24, 2021 (the “**Issue Date**”) €500,000,000 1.750% senior notes due 2026 (the “**Notes**”).

The Notes will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer, ranking *pari passu* among themselves and *pari passu* with all other unsecured and unsubordinated obligations of the Issuer, unless such obligations are accorded priority under mandatory provisions of statutory law. The Notes will be governed by German law and be issued in a minimum denomination of €100,000 each.

This offering memorandum (the “**Offering Memorandum**”) constitutes a prospectus for purposes of Part IV of the Luxembourg law on prospectuses for securities dated July 16, 2019 (*loi relative aux prospectus pour valeurs mobilières*). Application has been made to the Luxembourg Stock Exchange to have the Notes admitted to listing on the official list (the “**Official List**”) and to trading on the Euro MTF market (“**Euro MTF Market**”). The Luxembourg Stock Exchange’s Euro MTF Market is a multilateral trading facility for the purposes of Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (“**MiFID II**”).

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”). The Notes are being offered and sold in transactions outside the United States of America (the “**United States**” or “**U.S.**”) to non-U.S. persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)) in reliance on Regulation S.

INVESTING IN THE NOTES INVOLVES CERTAIN RISKS. PROSPECTIVE INVESTORS SHOULD CONSIDER THE RISK FACTORS BEGINNING ON PAGE 1 OF THIS OFFERING MEMORANDUM.

Joint Global Coordinators

BNP PARIBAS

J.P. Morgan

Joint Bookrunners

Commerzbank

UniCredit

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Offering Memorandum dated June 22, 2021

RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained in this Offering Memorandum and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Offering Memorandum is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

This Offering Memorandum should be read and understood in conjunction with any documents included or incorporated by reference herein (see *“Documents Incorporated by Reference”*). Any website referred to in this Offering Memorandum is referred to for information purposes only and does not form part of this Offering Memorandum.

The Issuer has confirmed to BNP Paribas, Commerzbank Aktiengesellschaft, J.P. Morgan AG and UniCredit Bank AG (each a **“Joint Bookrunner”** and together, the **“Joint Bookrunners”** or **“Managers”**) that this Offering Memorandum contains the information which, in accordance with the nature of the Issuer and of the Notes admitted to trading on the Euro MTF Market, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses, and prospects of the Issuer, and of the rights attaching to the Notes; that the information contained herein with respect to the Issuer and the Notes is accurate in all material respects and is not misleading; that any opinions and intentions expressed herein are honestly held and based on reasonable assumptions; that there are no other facts, the omission of which, in the context of the issue and offering of the Notes, would make any statement, whether fact or opinion, in this Offering Memorandum misleading in any material respect; and that all reasonable enquiries have been made to ascertain all facts and to verify the accuracy of all statements contained herein.

Neither the Managers nor any other person mentioned in this Offering Memorandum, other than the Issuer, is responsible for the information contained in this Offering Memorandum or any other document included or incorporated by reference herein. Accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of these persons accepts any responsibility for the accuracy and completeness of the information contained in any of these documents or any responsibility for any acts or omissions of the Issuer in connection with the Offering Memorandum or the issue and offering of the Notes.

No Manager will be responsible for, or for investigating, any matter which is the subject of, any statement, representation, warranty or covenant of the Issuer contained in this Offering Memorandum or any agreement or document relating to the Notes, or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains forward-looking statements. Forward-looking statements provide the Issuer’s current expectations or forecasts of future events. Forward-looking statements include statements about the Issuer’s expectations, beliefs, plans, objectives, intentions, assumptions and other statements that are not historical facts. Words or phrases such as “anticipate”, “believe”, “continue”, “estimate”, “expect”, “intend”, “may”, “on-going”, “plan”, “potential”, “predict”, “project”, “will” or similar words or phrases, or the negatives of those words or phrases, may identify forward-looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking. This applies, in particular, to statements in this Offering Memorandum containing information on future earning capacity, plans and expectations regarding CECONOMY’s business and management, its growth and profitability, and general economic and regulatory conditions and other factors that affect it.

Forward-looking statements appear in a number of places in this Offering Memorandum including, without limitation, in the sections *“Risk Factors”*, *“Markets and Competition”* and *“Business”*.

Investors are cautioned that forward-looking statements are not guarantees of future performance. Forward-looking statements may differ materially from actual results. Any forward-looking statements in this Offering Memorandum speak only as of the date of this Offering Memorandum, reflect the Issuer’s current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Issuer’s operations, results of operations, growth strategy and liquidity. Investors should specifically consider the factors identified in this Offering Memorandum which could cause actual results to differ before making an investment decision. All of the forward-looking statements made in this Offering

Memorandum are qualified by these cautionary statements. In light of these risks, uncertainties and assumptions, future events described in this Offering Memorandum may not occur. In addition, neither the Issuer nor the Joint Bookrunners assume any obligation, except as required by law, to update any forward-looking statement or to conform these forward-looking statements to actual events or developments. All subsequent written and oral forward-looking statements attributable to the Issuer and individuals acting on behalf of the Issuer are expressly qualified in their entirety by this paragraph.

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ARE ONLY TARGET MARKET

Solely for the purposes of the Managers' product approval process as manufacturer, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is to eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels. For the avoidance of doubt, the Issuer is not a MiFID regulated entity and does not qualify as a distributor or a manufacturer under the MiFID II product governance rules.

This Offering Memorandum is distributed only to and directed only at persons who are not classified as a retail client as defined in point (11) of Article 4(1) of MiFID II or equivalent applicable local regulatory classification.

PRIIPS REGULATION / PROHIBITION OF SALES TO EEA RETAIL INVESTORS

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

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Notes (or any beneficial interests therein) from the Issuer and/or the Joint Bookrunners the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

IMPORTANT – UK RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2 (1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Notes (or any beneficial interests therein) from the Issuer and/or the Joint Bookrunners the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

SINGAPORE SECURITIES AND FUTURES ACT PRODUCT CLASSIFICATION

In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

CANADIAN INVESTORS

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws. Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Joint Bookrunners are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

STABILIZATION

In connection with the issue of the Notes, BNP Paribas (the “Stabilizing Manager”) (or persons acting on behalf of the Stabilizing Manager) may over allot Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail. However, stabilization may not necessarily occur. Any stabilization action may begin at any time after the adequate public disclosure of the terms of the offer of the Notes and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date of the Notes and 60 days after the date of the allotment of the Notes. Such stabilizing or over allotment shall be in compliance with all laws, directives, regulations and rules of any relevant jurisdiction (including rules and other regulatory requirements governing any stock exchanges where such notes are listed).

ALTERNATIVE PERFORMANCE MEASURES

Certain financial measures presented in this Offering Memorandum and in the documents incorporated by reference are not recognised financial measures under International Financial Reporting Standards as adopted by the European Union (“IFRS”) (“Alternative Performance Measures”) and may therefore not be considered as an alternative to the financial measures defined in the accounting standards in accordance with generally accepted accounting principles. The Alternative Performance Measures are intended to supplement investors’ understanding of CECONOMY’s financial information by providing measures which investors, financial analysts and management use to help evaluate CECONOMY’s financial leverage and operating performance. Special items which the Issuer does not believe to be indicative of ongoing business performance are excluded from these calculations so that investors can better evaluate and analyse historical and future business trends on a consistent basis. Definitions of these Alternative Performance Measures may not be comparable to similar definitions used by other companies and are not a substitute for similar measures according to IFRS.

REFERENCES

References in this Offering Memorandum to the Notes being listed (and all related references) shall mean that the Notes will be admitted to trading on the Euro MTF Market and will be admitted to the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange’s Euro MTF Market is not a regulated market for the purposes of MiFID II.

In this Offering Memorandum all references to “€”, “EUR” or “Euro” are to the currency introduced at the start of the third stage of the European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998, as amended, on the introduction of the Euro, as amended.

IMPORTANT NOTICE

This Offering Memorandum may not be used for the purposes of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized, or to any person to whom it is unlawful to make such offer or solicitation.

The Notes may not be a suitable investment for all investors.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have the necessary expertise and experience to appropriately assess the Notes, the chances and risks of an investment in them and the information contained in this Offering Memorandum and any information incorporated herein by reference;
- have access to, and sufficient knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, how an investment in the Notes will impact its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor’s currency;
- carefully read and understand the Terms and Conditions of the Notes and be familiar with the financial markets; and
- be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the respective risks.

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisors prior to investing in the Notes to determine whether and to what extent (i) the Notes are permitted investments for it, (ii) where relevant, the Notes can be used as collateral for various types of borrowing, and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules. Each investor should also consider the tax consequences of investing in the Notes and consult its own tax advisors with respect to the acquisition, sale and redemption of the Notes in light of its personal situation.

The specific risk is that if an investment in the Notes turns out to be not a suitable investment for such investor due to the factors set out above, such investor may suffer a substantial loss, which may negatively impact its overall investment strategy.

The Managers, together with their respective affiliates, are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, financial and mergers and acquisitions advisory, investment management, principal investment, hedging and other financial and non-financial activities and services. In addition, the Managers and their respective affiliates may have had in the past and may in the future have business relationships and dealings with the Issuer and its affiliates and may own equity or debt securities issued by them. The Managers and/or their affiliates may have provided and may in the future provide additional financial advisory, mergers and acquisitions advisory, commercial banking or investment banking services to the Issuer and its affiliates, for which they will receive customary fees and expenses.

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RISK FACTORS

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

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

Risks related to CECONOMY's business activities

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

CECONOMY offers products, as well as services and solutions, including extended warranties, brokering mobile phone contracts, repair services, or delivery and installation ("**Services & Solutions**"), in the field of consumer electronics. Its operating business is predominantly conducted by the MediaMarktSaturn Retail Group, which comprises several group companies operating more than 1,000 stores (including physical and online stores), mainly under the "MediaMarkt" and "Saturn" brands, in 13 European countries and in particular Germany. The performance of CECONOMY's business is, in particular, largely dependent on economic conditions as well as political and other factors affecting consumer climate in the countries in which CECONOMY operates, i.e. in Europe and in particular in Germany. In general, deteriorating economic or political conditions, crises with difficult-to-predict long-term consequences like the ongoing worldwide pandemic triggered by the Severe Acute Respiratory Syndrome Corona-Virus 2 (SARS-CoV-2) ("**COVID-19**"), negative perceptions about economic or political conditions, slow job growth, inflation, deflation or a negative or uncertain economic outlook could result in a substantial decrease in demand for CECONOMY's products and services. Adverse economic developments may lead, among other things, to lower overall sales of the offered products or services, or require CECONOMY to change its product mix in ways that could impact its overall profitability or result in slower inventory turnover and higher markdowns on inventory. Changes in economic conditions may also lead to higher costs associated with CECONOMY's operations resulting, for example, from changes to supplier pricing and credit terms, longer payment terms for customers or the need to restructure or implement cost-saving measures. Any such deterioration of economic conditions, including reductions in disposable income and purchasing power, can also increase competition in the markets in which CECONOMY operates. In particular, economic and political factors may adversely affect consumer confidence, disposable income and consumer spending as well as other factors affecting consumer climate, including temporary or permanent changes to consumer habits such as the frequency and amount spent by consumers on electronic devices or services related to consumer electronics.

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

The markets in which CECONOMY operates are highly competitive with competitive pressure from direct and indirect, existing and new competitors, which has significantly increased through the COVID-19 pandemic. This increasing competition could impair CECONOMY's margins and overall profitability.

CECONOMY operates in highly competitive markets with a large number of market participants based on locations of stores and other facilities, prices and quality of products, quality of service, variety and availability of products and the condition of facilities. Furthermore, barriers for market entry by new competitors, or for geographic expansions (e.g., the entry of the Dutch retailer Coolblue into the German market in 2020) or for product line expansion by existing competitors, are low. In addition, CECONOMY faces intense competition from pure online and multi-channel players, both operating globally or only locally.

In light of the digital transformation, the retail industry continues to be permanently shaped by dynamic change and intense competition, primarily due to global online retailers such as Amazon and Alibaba as well as European or domestic online retailers. As a consequence of the unforeseeable lockdowns during the ongoing COVID-19 pandemic, in nearly all countries in which CECONOMY operates, purchases shifted massively from the offline to the more price-sensitive online sales channel. The persistently fierce battle among competitors for market share in saturated markets and, during a period of market consolidation, against existing or new price-aggressive competitors may lead to an increasing pressure on margins and the loss of sales and market shares. Increasing market and price transparency and significantly shorter product life cycles with decreasing gross margins as a result of digitalization and the associated change in the product mix may further amplify these effects. Moreover, in the online business, which is an increasingly strong business driver for CECONOMY, a further intensification of competition by way of new competitors (e.g. Amazon) accessing our target market could weaken CECONOMY's competitive position and negatively influence growth. There is a risk that this process will continue to persist and even intensify, in particular if CECONOMY does not manage to timely allocate resources for the digital sector and the online expansion in order to unlock new income potential, to adapt its business model and the product mix to the requirements of the digital transformation and to successfully review its store network in order to optimize selling space to meet customers' changing requirements.

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

There can be no assurance that CECONOMY will be able to compete successfully against current competitors or future new market entrants and concepts, including pure online retailers. If CECONOMY is unable to compete successfully with such existing and new competitors and concepts, in particular pure online retailers, CECONOMY may be unable to increase, maintain or rebuild its customer base and market shares. This could have a material adverse effect on its business, results of operations, financial position, cash flow and prospects.

CECONOMY depends on its ability to anticipate, gauge and react to changes in consumer trends, preferences and demands or changes in its customer composition.

The international consumer electronics markets in which CECONOMY operates are subject to changing trends, preferences and demands. Preferences and demands of retail consumers in a given (potential) regional market in which CECONOMY operates may also materially differ from other regional markets. Generally, such trends, preferences and demands depend upon a range of factors outside of CECONOMY's control, including demographic, economic, cultural and other factors. There is a risk that CECONOMY will not respond adequately to changes in customer and consumer behavior and expectations due to, among others, demographic changes, changes in available income and spending budgets, fluctuating demand patterns, increasing competition from existing and new competitors. The fast-increasing volume of online sales demonstrates the need for new processes, such as a more centralized logistic organization and interconnection of physical stores and online activities (e.g. shipment from store, pick-up for customer). Although CECONOMY addresses consumer trends by constantly expanding its Services & Solutions portfolio to include additional services (e.g. rental services for consumer electronics like Grover), such measures may be insufficient to meet changing customer needs.

CECONOMY may fail to recognize relevant trends, to adequately anticipate customer and consumer behavior, developments in the assortments, sales formats and prices of the local markets as well as new sales channel mixes. Furthermore, CECONOMY may fail to translate market trends into appropriate and saleable products and services that are competitively priced. Any such failure can have a negative impact on CECONOMY's sales and pose a risk to its business objectives, including its ongoing expansion of online sales. The internet, including the dissemination of information via social media, is becoming increasingly important and is changing the role of customers and consumers. E-commerce channels enable customers to more readily compare prices, which may affect CECONOMY's sales if competitors offer products at better prices. As a result, CECONOMY must adapt its offerings and the way it communicates with its customers. The same is true if CECONOMY fails to adapt its store portfolio to changes which influence customers' demand, for example, social-demographic changes or the structural condition of the stores.

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

Digitalization is currently triggering critical transformation processes of CECONOMY's business model. A failure to adopt and apply technological advances in a timely manner and to successfully implement digitalization efforts, including the expansion of online-based sales channels, other customer support tools and new payment solutions, could limit CECONOMY's business opportunities.

As an European technology-driven retail company, CECONOMY must constantly adopt and apply technological advances to implement digitalization. CECONOMY thereby faces risks in connection with the continuous technological development and the pressure to adapt to such developments on a regular basis. Therefore, CECONOMY's market environment is – currently further driven by the COVID-19 pandemic –undergoing fundamental changes and will undergo fundamental changes in the future once the COVID-19 pandemic has been overcome. In particular, CECONOMY has to cope with the ongoing shift from traditional sales channels, such as stores with physical selling space, to online-based models. These changes may increase, among other things, the competitive pressure or have another adverse impact on CECONOMY's business model, market shares and profitability. It is therefore crucial for CECONOMY to keep track with digital developments and customers' expectations with respect to sales channels.

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

In particular, CECONOMY's online offerings must keep pace with the technological progress of competitors and a resulting change in shopping behaviors. CECONOMY's success depends on its ability to continuously improve the technological platforms and to develop new applications in line with the technological development and trends. For example, the introduction of new payment solutions may entail substantial costs and efforts. However, there is no guarantee that such new solutions will be accepted by customers which may result in expenses which cannot be recovered and may limit sales. CECONOMY faces the risk that customers find the environment of its digital platforms difficult to use, are less willing to use the platforms than expected, or are unwilling to share personal or business information online or via mobile applications.

Furthermore, the shift to online sales leads to changes in consumer behavior and cost structures, which CECONOMY is required to adapt its business model to. In comparison to sales via physical stores, online induced sales require additional logistics costs for each sale, have a lower Service & Solutions attachment rate, a business which is characterized by high margins, and feature a lower margin product mix (i.e. predominantly new media devices like smartphones as opposed to white goods with traditionally higher margins). For these reasons, online sales are not fully on par with sales via physical stores from a gross margin perspective. Even if the governmental measures imposed on physical stores in reaction to the COVID-19 pandemic end or are reduced, sales from the physical stores may only catch up gradually and customer traffic may remain significantly below historical levels, as consumers keep on buying their products online. Also, the COVID-19 pandemic has changed consumer behavior and accelerated the transition towards online product research and seamless omnichannel buying. This accelerated shift to the online business proposition in the market may put significant additional pressure on CECONOMY's income due to higher logistic costs, higher price competition and a lower Service & Solutions attachment rate in its online business.

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

Any such failure to adopt and apply technological advances in a timely and effective manner and any failure to further develop and invest into omnichannel strategies could have a material adverse effect on the business, results of operations and prospects of CECONOMY.

CECONOMY depends on a variety of IT systems and the failure or insufficiency of these systems could harm CECONOMY's business. The shift to online retail services could increase the risk that hackers could gain unauthorized access to CECONOMY's websites, apps, databases, online security systems or computerized logistics management systems.

CECONOMY depends on a variety of information technology (“IT”) systems for its business operations, including point-of-sale, distribution, inventory management, order processing, stock replenishment, customer-relationship management, financial and operational reporting, accounting and other systems. Furthermore, CECONOMY depends on corporate IT applications, related maintenance and support IT services and software updates. Dependence on efficient IT systems is particularly high for CECONOMY’s online shops, which is a sales channel that is increasingly important to CECONOMY’s business. CECONOMY’s business involves the operation of websites, apps and other data systems (e.g. the websites and apps of MediaMarkt and Saturn and the app for CECONOMY’s employees) through which CECONOMY collects, maintains, transmits and stores information about its customers, suppliers and other business partners, including personal information, as well as other confidential and proprietary information. Furthermore, CECONOMY relies on the internet for information sharing among its stores, logistics and other facilities, as well as its regional offices and head office and uses, for example, social media channels and electronic newsletters which are distributed by email to its customers.

Therefore, CECONOMY relies on the accessibility, reliability and security of its IT systems and is significantly vulnerable to computer viruses, hacking, data theft, break-ins, phishing attacks, other cyber security attacks or threats and similar disruptions from unauthorized use of its computer systems (including by its own employees or contractors). Increasing digitalization and the associated connection of internal IT systems with the outside world has increased the risk of attacks on CECONOMY’s IT infrastructure. CECONOMY’s ability to operate its business depends on its ability to protect its IT systems from intrusion by third parties who may attempt to enter its systems through the internet or otherwise. In the online retail business, which has expanded during lockdowns and in which uninterrupted availability is critical, IT system failures could have significant effects on CECONOMY’s business performance, with a rise in hacker attacks and increased risk of attempted fraud on the basis of electronic identity theft having been observed during the COVID-19 pandemic. It cannot be guaranteed that CECONOMY’s IT security processes and mechanisms will be able or suffice to prevent all types of attacks and third parties may therefore illegally gain access to CECONOMY’s IT systems. Furthermore, IT systems and operations are vulnerable to damage or interruption by human error, data inconsistency, natural disasters, power loss, fire, acts of terrorisms, intentional acts of vandalism or sabotage and other breaches of security and similar events. Any of these events could lead to interruptions or delays, cause loss of critical data or bring about the unauthorized disclosure or use of personal or other confidential information. CECONOMY’s contingency plans in place to deal with such events could turn out ineffective and failures or delays in the future could cause significant losses.

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

The shift to online retail services, in particular caused by the COVID-19 pandemic, increases CECONOMY’s dependence on its IT systems. In order to maintain its omnichannel operations, CECONOMY is dependent on the smooth functioning of its IT systems, especially its internet and mobile infrastructure, which are critical to CECONOMY’s online sales channel and inherently subject to various operating risks. A key element of CECONOMY’s strategy for its online business is to generate a high volume of traffic on, and use of, its apps and websites. CECONOMY’s reputation and ability to acquire, retain and serve its customers are dependent upon the reliable performance of CECONOMY’s apps and websites and their underlying network infrastructure. If its IT

systems fail, CECONOMY may experience downtime on its apps and websites which could reduce their attractiveness to customers. Failure in CECONOMY's IT systems could also result in unfavorable media coverage, damage its reputation, and/or result in regulatory inquiries or other proceedings. Any breach of CECONOMY's servers or loss of customer data could likewise harm its business.

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

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

CECONOMY faces increasing pressure on its margins. Increasing prices charged by CECONOMY's suppliers, limitations in the availability of products or loss of any key suppliers or procurement partners may have a material adverse effect on CECONOMY's profitability.

The success of CECONOMY's business heavily depends on the procurement terms, including purchase prices, of the products offered for sale and the timely availability of these products, particularly given that the markets in which CECONOMY operates are characterized by relatively high inventory turnover and relatively low profit margins. Volatile purchasing prices, therefore, directly affect CECONOMY's margins and profitability. In many cases, large purchasing volumes have a positive effect on price and ability to source products. However, product prices and availability are dependent on a number of factors, including the availability of the required raw materials which may temporarily or continually become scarce, changes in economic and monetary policy affecting inflation rates, increased energy costs, increased transportation cost or transportation disruptions resulting from increases in fuel costs or its limited availability, work slowdowns or interruptions, weather conditions, competitive demand and natural disasters or other catastrophic events. Any such factor can drive up purchase prices, lead to a certain level of volatility or affect the availability of products.

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

CECONOMY maintains business relations with strategically relevant business partners, such as Apple, Samsung, LG, BSH, Sony and Microsoft. However, there is a risk that CECONOMY cannot maintain such relationships, for example, as a result of a potential strategic realignment of suppliers, a change in sales concepts, or technical problems of its products and services. In addition, CECONOMY's efforts to analyze information about business partners on a regular basis, including information regarding their financial stability, could not suffice. As a result, CECONOMY could fail to promptly take protective measures to ensure the continued supply of goods and services, but also against the financial loss of outstanding receivables. If CECONOMY loses key suppliers, fails

to maintain its currently important business partnerships or develop relationships with new suppliers or is unsuccessful in obtaining products from alternative sources, competitively priced and available in large volumes, this could jeopardize the availability of products and thereby cause lost sales and commissions.

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

The global COVID-19 pandemic has had, and may have in the future, a material impact on CECONOMY's business, including, but not limited to, its sales and customer demand, its operations, and its profitability.

The COVID-19 pandemic and the operational changes CECONOMY made in relation thereto resulted in significant reductions in customer visits to its physical stores. This is mainly due to extensive restrictions and temporary store closures due to governmental orders. For example, regional lockdowns in connection with the COVID-19 pandemic during 2020 and at the beginning of 2021 posed major challenges for almost all market participants, including CECONOMY, and resulted in the temporary closure of stores, including those in Germany, Austria, and the Netherlands as well as the majority of stores in Poland. Future temporary store closures ordered by governments and local authorities cannot be ruled out at this time. Such closures would significantly hamper the economic recovery of the economic sectors affected by them.

Furthermore, the governmental measures which were implemented in response to the COVID-19 pandemic resulted in material shifts in customer demands and requirements. In particular, CECONOMY has noticed a significant shift towards the online sales channel, as well as continued strong demand in product categories of devices to support work from home and household appliances, combined with an increase in consumer spending in this regard. The duration and the further impact of the COVID-19 pandemic on the global economy, international trade, the resulting recessions or a global economic crisis are not fully foreseeable or measurable. CECONOMY's forecasting ability has been significantly impaired by the lack of concrete indications as to the future development of its business, and it is impossible to predict future customer behaviour when restrictions ease, for example once tourist travel and other activities are permitted post-lockdown. Moreover, such predictions have been rendered even more difficult by uncertainty as to governments' strategies for the reopening of brick-and-mortar businesses and the implementation of vaccination measures, particularly in Germany, as well as the possibility that the change in consumer behavior observed during the COVID-19 lockdowns and the associated shift in sales shares from brick-and-mortar to online business could become permanently established. A significant reduction in future customer visits to CECONOMY's physical stores caused by the COVID-19 pandemic could result in a loss of sales and profits and other material adverse effects. For this reason, CECONOMY is required to partially adapt its business concepts to meet these developments. However, CECONOMY's efforts to respond to these developments could be insufficient to cope with the challenges resulting from the COVID-19 pandemic and other factors that influence customers' demands and requirements.

In addition to possible future lockdowns, the consumer confidence in the countries in which CECONOMY operates may be significantly negatively affected by the COVID-19 pandemic and could further deteriorate. Consumers may fear to get infected with COVID-19 and recommendations and/or mandates from federal, state and local authorities to avoid large gatherings of people or self-quarantine might adversely affect future traffic in CECONOMY's physical stores. CECONOMY may further restrict the operations of its physical stores and distribution facilities if CECONOMY deems this necessary or if recommended or mandated by authorities and these measures could have a further material impact on CECONOMY's sales and profits. Moreover, if CECONOMY does not respond appropriately to the COVID-19 pandemic, or if customers do not perceive CECONOMY's response to be adequate for a particular region or CECONOMY as a whole, CECONOMY could suffer damage to its reputation and its brands, which could adversely affect CECONOMY's business in the future. Furthermore, the COVID-19 pandemic has caused some products and services to be in high demand, including computers and other office equipment for remote working. CECONOMY may not be able to meet this demand in all categories due to product shortages or decisions by CECONOMY's suppliers to allocate products to certain other customers and CECONOMY's suppliers may increase prices. Each such factor may adversely impact CECONOMY's revenue and profitability. The COVID-19 pandemic has had, and may continue to have, a negative impact on CECONOMY's products and services that historically have been more likely to be purchased in a physical store than online.

The COVID-19 pandemic has also forced CECONOMY to make a number of operational changes. This concerns logistic processes (e.g. shipment from store, pick-up for customer) as well as precautions to assure the health of customers and employees. CECONOMY's ability to continue selling its products and services is highly dependent

on its ability to maintain the safety of its customers and those employees who work at CECONOMY's physical stores and distribution facilities. The ability of CECONOMY's employees to work may be significantly impacted by individuals contracting or being exposed to COVID-19. While CECONOMY is following the requirements of governmental authorities and taking preventative and protective measures to prioritize the safety of its customers and employees, these measures may not be successful, and CECONOMY may be required to temporarily close physical stores from time to time, halt certain services or take other measures. In addition, disruptions to CECONOMY's suppliers' ability or willingness to provide products and services to CECONOMY due to the COVID-19 pandemic, or disruptions to its respective internal supply chain infrastructure (such as facility closures, governmental orders restricting movement, new or prolonged COVID-19 outbreaks, present and future restrictions or disruptions of transportation, such as reduced availability of air, ship, rail or truck transport, port closures and increased border controls or closures), may materially adversely affect CECONOMY's ability to meet customer demand as well as other aspects of CECONOMY's operations and its financial results. Furthermore, since CECONOMY's online sales have increased and therefore have become critical to its results, the risks resulting from any interruption of CECONOMY's IT system capabilities is heightened. If customer demand exceeds the capacity of CECONOMY's online operations, this could lead to server overloads or other technical difficulties. Any such interruption or capacity constraint could result in a deterioration of CECONOMY's ability to process online sales, pro-vide customer services or perform other necessary business functions. Having shifted to remote working arrangements for many employees, CECONOMY faces a heightened risk of cybersecurity attacks or data security incidents and is more dependent on stable and secure internet and telecommunications access and capabilities of its employees working remotely. Preparing for and responding to the continuing COVID-19 pandemic could divert management's attention from its key strategic priorities, increase costs, cause CECONOMY to reduce, delay, alter or abandon initiatives that may otherwise increase its long-term value or otherwise disrupt its business operations.

To the extent the COVID-19 pandemic continues to cause fundamental shifts in the channels in which customers choose to interact with CECONOMY, its (gross) margin and profitability may be adversely impacted. For example, at various times during lockdown in 2020 and 2021, CECONOMY had to pay rent for its network of physical stores although most physical stores were closed and did not generate any sales. In the event of any further lockdown period in the future, CECONOMY may face this situation again. Moreover, CECONOMY's online mix of products and services generally produces lower gross profit margins than its in-store sales, and CECONOMY offers some products and services that historically are more likely to be purchased in a physical store than online. In addition, Adjusted EBIT for the second quarter of the financial year ended September 30, 2021 was impacted by the negative sales performance of the brick-and-mortar business as a result of the temporary closure of the majority of stores in January and February 2021, coupled with a negative gross margin development in the form of a decline of 2.3% to 14.9%. This was mainly due to the COVID-19-related increased shift to online sales channels, coupled with product mix effects and higher delivery costs, as well as inventory-related effects and lower Services & Solutions income due to the temporary COVID-19-related store closures and the related decline in customer traffic.

To the extent CECONOMY is unable to maintain or increase the level of customer traffic in its physical stores or maintain or enable a more profitable mix of sales in its digital and online channels, CECONOMY's (gross) margin and profitability may be materially negatively impacted. CECONOMY also incurred additional costs due to the operational changes that were made in response to the pandemic, and these costs have adversely impacted CECONOMY's profitability. CECONOMY could experience a longer-term impact on its costs, for example, the need for enhanced health and hygiene requirements in one or more regions in attempts to prevent or counteract future outbreaks. In the event of decreased store traffic, certain of CECONOMY's stores may not generate sufficient revenue to meet operating expenses.

Moreover, as a result of disruptions to its supply chain, primarily due to mandatory shutdowns in locations where CECONOMY's products are manufactured, CECONOMY is experiencing, and may continue to experience, increased costs for shipping and transportation resources. At the same time, and notwithstanding any mandatory lockdown, CECONOMY has to bear the majority of the operating costs of its physical stores. If CECONOMY is unable to manage these costs and supply chain disruptions, its profitability may be adversely impacted.

The extent to which the COVID-19 pandemic will impact CECONOMY's business, operations and financial results will depend on numerous evolving factors that CECONOMY may not be able to accurately predict or assess, including (i) the duration of the COVID-19 pandemic, (ii) the extent of the impact on global and regional economies and economic activity, including the duration and magnitude of its impact on unemployment rates, consumer discretionary spending and consumer confidence; (iii) actions governments, businesses and individuals take in their ongoing response to the COVID-19 pandemic, including the timing and nature of loosening of restrictions imposed in response to the COVID-19 pandemic and its resurgence, and (iv) CECONOMY's ability

to successfully navigate those impacts. Therefore, the COVID-19 pandemic could have a material adverse effect on the business, assets, results of operations, financial position, cash flow and prospects of CECONOMY.

Looking ahead, there is considerable uncertainty as to CECONOMY's further business performance in the current financial year 2020/21 in light of continuing lockdown extensions, particularly in Germany, unclear re-opening scenarios as well as the overall highly volatile regulatory situation with regard to COVID-19. CECONOMY expects a decline in consumption as a result of declining economic performance, decreasing demand for exports and general uncertainty among the population resulting from an increase in unemployment in connection with the COVID-19 pandemic. In this respect, CECONOMY expects a mild recession for the global economy as a result of the COVID-19 pandemic which may reduce consumer spend for consumer electronics products, including CECONOMY's products and services, in the near future. However, the impact of the COVID-19 pandemic may vary from country to country. Although vaccinations against COVID-19 have started in many countries worldwide, the economic effects of the COVID-19 pandemic could continue for years and the current temporary economic downturn could be the beginning of sustained stress in markets in general. In the event of a strong recovery of consumer demand for electronics products in the months after a potential reopening of CECONOMY's stationary business, there is also a risk of anticipatory effects, resulting in a corresponding decline in customer demand in subsequent financial years. As a result, the COVID-19 pandemic, and the volatile regional and global economic conditions stemming from the pandemic, as well as reactions to future pandemics or resurgences of COVID-19, could also precipitate or aggravate the other risk factors that CECONOMY has identified in this Offering Memorandum which in turn could have a material adverse effect on its business, results of operations, cash flow and prospects.

CECONOMY could be affected by a deterioration in its relations with certain suppliers, partners or service providers or by difficulties obtaining supplies.

CECONOMY's activities depend on its relations with key partners, including suppliers and service providers. Particularly regarding its operations in the fields of IT resources, transport and delivery, CECONOMY heavily relies on certain service providers. For example, CECONOMY's country organizations use fulfilment partners to operate distribution centers that handle deliveries and/or dispatch the deliveries of goods directly to customers and/or stores. Also, a major portion of CECONOMY's operations depends on its capacity to negotiate favorable commercial terms and maintain contracts and business relations with its suppliers, especially those which represent a significant proportion of revenue, for whose products no direct substitute exists which equally meets customers' demands (e.g. Samsung, Apple, Microsoft, Sony, etc.) and in cases where suppliers are concentrated. Any deterioration in CECONOMY's relationships with its key service providers as well as its main suppliers, the imposition of stricter conditions by service providers or suppliers (especially with respect to payment terms), the non-renewal or early termination of its main supply or service agreements as well as the insolvency of larger suppliers may have a material adverse effect on CECONOMY's business, result of operations, financial position, cash flow and prospects.

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

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

CECONOMY's success is significantly dependent on new technologies and products being developed and manufactured by third parties. Product defects or recalls may cause supply shortages, expose CECONOMY to claims, damage the public perception of its brands and harm its business.

While CECONOMY can select the products to be sold at its stores, it is unable to control the development of products by manufacturers, including the extent to which products include new technologies, features or designs that are attractive to customers. If CECONOMY's suppliers or the manufacturers that serve its suppliers are unable to develop products to meet the demands of its customers, CECONOMY's product offering will suffer, and sales volumes could decline as consumers shift their discretionary spending elsewhere. This might especially be the case for consumer electronics, when, for example, IT and photography products experience low points in their respective innovation cycles, resulting in lower revenue from those sub-segments.

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

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

In all such cases, especially if there is a prolonged impact on product quality, there could be a material adverse effect on the business, results of operations and prospects of CECONOMY.

CECONOMY generally does not have exclusive arrangements with its suppliers, which could limit its ability to ensure the continuity of supply.

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

CECONOMY is gradually replacing its decentralized supply chain model by a centralized supply chain model. CECONOMY could fail to efficiently implement and operate the centralized supply chain model and may not be able to meet customer expectations or demands in respect of delivery times or convenience.

CECONOMY's current supply chain is mainly divided into e-commerce and retail business with a decentralized supply chain model where most stores still have their own goods flow processes that are independently organized. Delivery times for products can vary due to a variety of factors such as the respective product ordered, the location of the warehouses operating as logistics centers from which the product is shipped if not directly shipped from the stores, how fast suppliers deliver products to CECONOMY's logistics centers, the number of items in a customer's shopping basket, the country in which a customer ordering products is located and the performance of

the third-party shipping company carrying out the distribution. The efficient operation and management of CECONOMY's stores and warehouse logistics are therefore crucial to its business. CECONOMY's stores and warehouses handle inbound receipt of merchandise, storage, picking, packaging, outbound shipping and the receipt, screening, and handling of returns.

Driven by the COVID-19 pandemic and the temporary closure of many physical stores, CECONOMY recognizes an increased necessity for a more centralized supply chain model. Currently, a new centralized model is gradually being implemented, which allows central procurement and the bundling of delivery flows to stores through central national distribution centers. The goal is to develop a centralized omnichannel fulfillment network to offer customers a very high service level in terms of delivery speed, reliability, quality and availability. To implement the new supply chain, certain functions are being tested in different regions in cooperation with suppliers and other business partners. CECONOMY intends to gradually expand the scope of such functions as well as the regions concerned, continuously raising the level of centralization. At the same time, CECONOMY has recently implemented modifications to its processes, in order to cope with the shift to e-commerce during the COVID-19 pandemic. For example, CECONOMY has implemented modifications to its supply and delivery processes so that goods ordered by customers online are no longer sent to customers exclusively from central warehouses, but also directly from the local stores. These opposing developments could mutually prevent the individual effects of modernizations and could moreover not suffice or turn out to be incompatible with the remaining logistics system. Furthermore, the conversion process could fail or could not lead to the intended effects. Even after the modification of the supply and delivery process, CECONOMY may not be able to avoid overstocking or understocking of products due to shifting customer preferences. Furthermore, customers could still expect or demand faster delivery times than CECONOMY can provide in the future. If CECONOMY is unable to meet customer expectations or demands in respect of delivery times or convenience, or if its competitors are able to deliver the same or equivalent products faster or more conveniently, CECONOMY could lose current or potential customers, its brand and reputation could suffer, and it could experience shortfalls in revenues. Furthermore, if CECONOMY fails to anticipate and respond in a timely manner to shifting customer preferences and adjust its purchases and inventory accordingly, this may result in lost sales, sales at lower than anticipated margins and/or write-offs on inventories.

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

CECONOMY could face supply shortages or disruptions to its supply chain. CECONOMY could fail to efficiently operate and manage its supply chains, logistics, inventory levels and logistics capacity.

CECONOMY, as a consumer electronics retailer, depends on external producers and providers for the supply of its goods and services. Thus, the delivery of products to the stores and depots depends on its supply and logistics systems, including transportation services provided by third parties (e.g. sea-container capacity or local parcel delivery services). In addition, CECONOMY's logistics processes are complex and depend on sophisticated know-how and computerized systems. If CECONOMY's supply and logistics systems were to experience a sustained disruption due to, among other things, poor infrastructure conditions or disrupted infrastructure because of inclement weather, natural disasters, pandemics or acts of war or terror, vandalism or sabotage, or other reasons, or if CECONOMY does not operate and optimize its supply chain successfully and efficiently, CECONOMY could face difficulties transporting, processing or distributing products to its stores and depots, or delivering its products to its customers, or be unable to do so at reasonable costs.

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

CECONOMY's supply and logistics chain is also susceptible to various risks, including failure by its suppliers to deliver due to operational or production disruptions, financial problems, labor issues, product quality issues, lack of raw materials or other reasons. For some product categories, CECONOMY has only few, if any, alternative suppliers that are readily available. This might especially be the case for Apple, insofar as there are no alternatives to Apple products due to their proprietary operating systems (iOS and MacOS). Furthermore, disruptions in supply

chains may be connected to worldwide shortages, as it is experienced with regards to certain IT categories such as notebooks and tablets due to increased customer demands on home office devices caused by the COVID-19 pandemic. If one or more suppliers were to fail to deliver the products of adequate quality in time or at all, or if CECONOMY fails to develop, maintain or strengthen its relationships with suppliers, its ability to obtain a sufficient volume and variety of products may be impaired. There can be no assurance that additional or alternative suppliers will be available when required on acceptable terms. Furthermore, it may become necessary to make changes to the supply chain and enter into other business arrangements to ensure the supply of products. This could result in additional costs and temporary supply shortages or disruptions. Additionally, any resulting prolonged negative impact on the quality of the products or services supplied to CECONOMY could materially adversely affect its reputation and business.

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

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

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

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

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

CECONOMY has operations and investments in numerous countries. Although CECONOMY's business focusses on Western Europe, Germany in particular, CECONOMY also pursues business interests in a number of other countries, including, among others, Russia and Turkey. Some of CECONOMY's operations and sales take place in countries and regions with significantly less political or social stability than is generally found in Western Europe or Germany. Doing business in these countries and regions carries certain inherent risks. These include

- diverse systems of laws and regulations;
- inconsistent, politicized or otherwise inequitable application or enforcement of laws or regulations;
- unexpected or adverse changes in laws or regulations; adverse changes in tax laws or their application;
- exchange controls or currency restrictions;
- substantial fluctuation, devaluation or inflation of local currency, including hyperinflation;

- business environments in which fraud, bribery or corruption are common, condoned or encouraged by private or official actors;
- substantial tariffs, trade barriers, export duties or quotas; expropriation, nationalization or similar government interventions;
- restrictions on the ability to repatriate cash from CECONOMY’s subsidiaries;
- restrictions on investment by foreign companies;
- local content requirements;
- divergent labor regulations or cultural expectations regarding employment;
- divergent expectations regarding professional conduct, business relationships, industrialization or international; and
- business generally.

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

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

CECONOMY’s business may become subject to increasing seasonal revenues fluctuations which may make it difficult to predict its future performance.

To date, CECONOMY’s business has – except for specific seasonal events such as “Black Friday” (each year on the first Friday after Thanksgiving) and special promotions and offers with price reductions around public holidays in different countries – experienced limited seasonality and volatility with the exception of the first quarter of its financial year (October 1 until December 31) in which demand for certain product categories is significantly higher due to Christmas, and the second quarter of its financial year (January 1 until March 31), where demand for such products is usually significantly lower. Consequently, poor sales performance in the first quarter of CECONOMY’s financial year could adversely affect its full-year results and leave it with substantial excess stock that is difficult to liquidate. The decrease of the generally negative net working capital, i.e. a lower source of funding, as a result of investments in inventory could limit CECONOMY’s ability to make capital expenditures during these periods as they become necessary.

Furthermore, due to the COVID-19 pandemic, a significant shift was seen towards online sales as well as persistently strong demand in the equipment supporting working from home and household appliances product categories. Since the further development of the COVID-19 pandemic is not yet foreseeable, there may be a sudden collapse in sales from the above mentioned categories of products and the online sales, but also a further increase in sales in these categories is possible if the COVID-19 pandemic persists. CECONOMY might therefore be unable to forecast seasonal effects accurately or synchronize its sourcing cycles to coincide properly with the impacts of COVID-19 effects in its sales volumes.

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

CECONOMY’s inability to respond to seasonal and cyclical fluctuations in demand could have a material adverse effect on its results of operations and cash flow.

CECONOMY is subject to payment-related risks. The variety of payment methods that CECONOMY accepts, the large volume of cash transactions as well as the product assortment exposes CECONOMY to operational risks and risks of theft, robbery, negligence and/or fraud.

In its stationary stores and online shops, CECONOMY currently offers different payment methods tailored to meet local customers' payment preferences, including cash, credit and debit card, pay by invoice, financing, gift cards, PayPal, paydirekt, direct deposit, online bank transfer, direct debit, Apple Pay, Google Pay and Klarna. Purchases made using credit or debit cards account for a large proportion of sales. CECONOMY relies on third-party service providers for the processing of such payments and pays interchange and other fees for this service. These fees are typically calculated as a percentage of the purchase amount and may increase over time and cause CECONOMY's operating expenses to rise. In addition, if such service providers experience disruptions, system failures or other events which render them unable to process credit or debit card payments, CECONOMY's sales could be materially adversely affected. Disruptions affecting other financial institutions or intermediaries that process CECONOMY's customers' credit or debit card transactions (such as, for example, a customer's credit card issuing bank) could also have a negative impact on its business. Furthermore, customers may claim that purchases or payments were not properly authorized or were transmitted in error. CECONOMY also faces the risk that customers may have insufficient funds and the risk of various types of fraud. For example, under German law but also in a number of other jurisdictions, the risk of an invalid transfer instruction by a customer, and, thus, the risk of abuse, lies generally with the retailer. Therefore, CECONOMY could be liable for fraudulent credit or debit card transactions. In the case of invoicing, CECONOMY also carries a risk of non-payment of invoices by the customer, for example, due to lack of funds, despite the implementation of monitoring systems. CECONOMY also faces the risk of operational failures during the checkout process in its digital platforms. This results from the complexity of certain payment methods. Such difficulties could adversely affect CECONOMY's conversion rate, which is the proportion of site visitors that actually complete the purchasing process.

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

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

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

CECONOMY is exposed to the risk of counterparty default.

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

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

Especially, commissions can only be cashed as long as mobile communications providers operate their service. Trade receivables and contract assets from mobile communications providers are measured individually using the

individual providers' credit risks. Revolving commission receivables due from contract partners in the mobile communication area were sold as part of two factoring programs. An ongoing commitment in the amount of €41 million as of March 31, 2021, the nominal volume of the default guarantees furnished in the context of our factoring program, was recognized as a liability and the corresponding customer receivables in the same amount not fully derecognized. As of March 31, 2021, the carrying amount of the original assets was €198 million.

In Switzerland, CECONOMY offers a customer financing program via MediaMarkt, which allows Swiss customers not only to purchase products at MediaMarkt, but also to finance them directly there. The financing taken up can be repaid flexibly by the customer at any time within a period of three years. As part of the revolving sale of receivables from the Swiss customer financing program, PayRed Card Services AG, Dietikon, Switzerland, guarantees to service a limited number of customer defaults. As of March 31, 2021, a continuing involvement in the amount of the nominal volume of the default guarantees provided of €14 million was recognized as a liability, and the customer receivables in the same amount were not fully derecognized. As of March 31, 2021, the carrying amount of the original asset was €88 million.

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

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

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

CECONOMY may fail to adequately implement its new operating model and the implementation of the new operating model may fail to produce the targeted results.

In August 2020, CECONOMY introduced an international project for the reorganization of stores in connection with the introduction of a harmonized group-wide organizational structure (“**Operating Model**”), entailing a coordinated management structure, uniform role profiles and a corresponding review of wage agreement classifications. The Operating Model, amongst others, aims to support CECONOMY’s operational progress in the fields of digitalization, the expansion of its Services & Solutions business and in improving cost efficiency. The Operating Model focuses on harmonized management structures and standardized, efficient processes and procedures across all countries. This applies to the administrative functions in the country organizations as well as to the organization of the stores. The Operating Model thereby also takes into account the ongoing centralization of processes. The new, harmonized management structure for the stores and the relief from administrative tasks is intended to enable employees to focus to a higher extent on the customer experience. In view of declining customer frequencies as a result of the COVID-19 pandemic, the Operating Model also includes a review of the store portfolio throughout Europe. As of the date of this Offering Memorandum, CECONOMY has already decided to close 36 loss-making stores permanently and contemplates to further slightly reduce the number and sales area of stores in the future. In the course of the implementation of the Operating Model, a total of up to 3,500 full-time jobs may be reduced in the next 24 to 36 months, primarily in foreign European countries. As of March 31, 2021, CECONOMY had approximately 45,000 full-time-equivalent employees throughout Europe.

The implementation of the Operating Model may fail to produce the targeted results. In particular, CECONOMY could have misjudged anticipated customer behavior and demand, as well as the further development of its competitive landscape, the effects of the COVID-19 pandemic on its operative business and the anticipated cost savings resulting from a successful implementation of the Operating Model, which may lead, among others, to frustrated investments or a need for further investments. Furthermore, the closure of stores could result in lost sales, in particular if there is no sufficient shift to online sales in areas in which CECONOMY intends to reduce its physical store presence, as well as higher than anticipated labor litigation costs.

If the Operating Model fails to produce the targeted results or if CECONOMY fails to implement the Operating Model as planned, or if the Operating Model does not appropriately address changes in consumer and customer trends, preferences and demands, this could have a material adverse effect on its business, assets, results of operations, financial position, cash flow and prospects.

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

CECONOMY's future success partly depends on the exploration of new and innovative business areas. Customer's requirements and behaviors are constantly changing as advances are made in digitalization and, thus, are opening-up new business areas in various sectors such as Smart Home, E-Sports, Healthcare and E-Mobility. CECONOMY is therefore required to constantly identify new products and business models that offer customers added value, fit in with CECONOMY's strategy and build on the operating processes' existing strengths. This includes the expansion of the service portfolio with concepts in the stores, online and in customers' homes. One way to pursue this strategy is the acquisition of existing businesses, as it has been the case in view of CECONOMY's ability to offer after-sales services with regard to installing, networking and troubleshooting electronic appliances at its customers' homes. Further acquisitions could become a possible strategy to realize the transition to a broader online-service or to further develop the omnichannel strategy. CECONOMY therefore continuously examines new concepts, strategic partnerships and acquisition opportunities.

However, due to CECONOMY's position in potential sub-segments of the retail market for consumer electronics, there is also the risk that potential acquisitions or mergers may face special scrutiny by competition authorities on a national or European level. Furthermore, there can be no assurance that CECONOMY will be able to identify suitable targets or complete acquisitions or enter into joint ventures or investments on favorable terms or at all. It is also possible that not all material risks in connection with acquisitions or the establishment of joint ventures will be identified in the due diligence process and that such risks will be (sufficiently or at all) taken into account in the decision-making process, or the respective agreements (including warranties). In addition, future acquisitions may also give rise to financial and tax restructuring measures which, even if designed with the aim to achieve a tax-efficient structure, may expose CECONOMY to risks, for example, if the tax authorities were to challenge any of the implemented measures. Furthermore, future acquisitions, joint ventures and other investments in businesses entail risks regarding the integration of businesses, including, among other factors, employees, processes, IT, logistics and other systems, and product offerings and such acquired businesses may not, or not within the anticipated timeframe, achieve the targeted operative development. In particular, the integration of such businesses in the existing IT systems for operations, including point-of-sale, distribution, inventory management, order processing, stock replenishment, customer-relationship management, financial and operational reporting, accounting and other systems, may be a complex, time consuming and expensive process and will likely involve a number of uncertainties. In addition, CECONOMY may, for example, incur costs and expenses associated with unexpected difficulties, the diversion of management's attention from its daily operations and/or strategic business decisions, the potential loss of key employees, suppliers and customers, difficulties in competing with existing stores or business or diverting sales from existing stores or business, difficulties in complying with foreign regulatory requirements and the additional demands on management related to the increase in the size and scope of operations. Furthermore, CECONOMY may not realize anticipated synergies after the integration of future acquisitions or only slower than targeted.

In addition, future acquisitions or investments in joint ventures or other business partnerships may be capital intensive and could deplete CECONOMY's financial resources. Future acquisitions could also require CECONOMY to incur debt or issue debt or equity securities to finance such acquisitions, which, in the case of issues of new equity, may dilute the interest of CECONOMY's existing shareholders. In addition, there is no assurance that CECONOMY would have sufficient resources to pursue acquisitions if it considers that such acquisitions are necessary to, for example, be able to maintain a position in significant markets. Furthermore, in joint ventures, co-operations and partnerships, including possible franchises, CECONOMY could have only limited influence on the organization and business success of the companies concerned. Thus, the ability to fully exploit the strategic potential in markets in which CECONOMY operates or enters could be impaired if CECONOMY were unable to agree with its partners or joint shareholders on a common strategy and its implementation. The interests of partners or joint shareholders could also conflict with own interests. Minority shareholders in certain joint ventures, co-operations and partnerships may also have approval or other rights under applicable corporate laws, joint venture or shareholder agreements or other organizational documents. Furthermore, the expected benefits may not materialize, and CECONOMY may incur additional costs or other disadvantages which could have a material adverse effect on its reputation, business, financial position and results of operations. In addition, CECONOMY could be subject to fiduciary or contractual obligations to its partners which may prevent or impede its ability to unilaterally expand in the business area in which such a joint venture

or associated company operates. Moreover, when a joint venture or other form of co-operation is dissolved or terminated, CECONOMY may be required to make payments to its partners.

In particular in connection with a shift towards the online business and a possible reduction of store premises, risks may result from past or future divestments, in particular regarding potential pre- or post-closing reductions of purchase prices or due to possible liabilities arising from representations and warranties or covenants, for example, regarding taxes or pensions. Moreover, CECONOMY may be required to remain party (as lessee) to a substantial number of lease agreements relating to stores of divested businesses. If and to the extent the relevant businesses no longer perform (or are no longer able to perform) their obligations under the corresponding sub-lease agreements, CECONOMY faces the risk of loss of rent, in particular if such premises cannot be sub-let to third parties at favorable economic terms or at all.

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

CECONOMY could fail to adequately protect its reputation, the MediaMarkt and Saturn brands and other brands under which CECONOMY operates.

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

Further, CECONOMY's success in maintaining and improving its brand image depends on its ability to adapt to a rapidly changing media environment, including its increasing reliance on social media and online dissemination of advertising campaigns. Negative posts or comments about CECONOMY on social networking platforms and other websites that spread rapidly through such forums could seriously damage its reputation and brand image. In order to attract and retain customers, CECONOMY may need to substantially increase its expenditures for creating and maintaining brand loyalty. As a result, CECONOMY's sales and marketing expenses may increase significantly.

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

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

CECONOMY depends on its ability to lease appropriate real estate on commercially acceptable terms and to commercially exploit its real property rights.

Although there has been lately a significant shift from in-store sales towards online-sales via CECONOMY's online shops, a large portion of sales is still generated in CECONOMY's physical stores (retail outlets). Despite the current effects of the COVID-19 pandemic, CECONOMY believes that its ability to compete depends, in part, on its ability to maintain stores and depots in attractive locations. This, in turn, is heavily dependent on identifying and leasing premises that are suitable for its needs on commercially reasonable terms. In particular, the real estate market in metropolitan areas, and especially big cities, is highly competitive, primarily due to a limited availability of suitable premises. CECONOMY, therefore, faces competition not only from other retail industry participants, but also from a variety of other industries.

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

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

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

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

CECONOMY operates stores located in a variety of locations, mainly city centers, shopping malls and suburban commercial zones. CECONOMY's sales at these stores are dependent, to a significant degree, on the volume of consumer traffic in those retail destinations and the surrounding areas. Factors which may be relevant to customers for generating and/or maintaining the attractiveness of a particular urban or suburban retail location include, among others, mass transit connections, parking, distance from the consumer's home or place of business and the mix of other retail, dining and entertainment options in the vicinity. These factors might be subject to developments over which CECONOMY has no control. CECONOMY's stores can benefit from the ability of other tenants in those retail destinations to generate consumer traffic and the continuing popularity of those areas as retail destinations. On the other hand, adverse economic conditions or other factors in certain markets where CECONOMY operates might cause other retailers to close stores. As a result, certain shopping centers may have a reduced occupancy rate which tends to reduce traffic in the entire shopping center. All of these factors may impact the level of customer traffic in CECONOMY's stores and could have a material adverse effect on its business, results of operations and prospects.

CECONOMY has investments in affiliates, joint ventures and other entities which it does not fully own or over which it does not have full control, and actions taken by its partners could materially affect its business.

CECONOMY has investments in affiliates, joint ventures and other entities, and may enter into additional investments in the future. In particular, CECONOMY is invested in PMG Retail Market Ltd., Limassol, Cyprus ("PMG"), a joint venture founded in 2019 by Media-Saturn-Holding GmbH, Ingolstadt, Germany ("MSH"), and the Olympia Group Ltd., Limassol, Cyprus, in order to cover the Greek and Cypriot market. Both organizations contributed their operating companies – MediaMarkt Greece and the consumer electronics and entertainment

retailer Public in Greece and Cyprus – to PMG. In addition, the Company indirectly also holds a minority interest of around 24% in FNAC DARTY S.A., Ivry-sur-Seine, France (“**FNAC DARTY**”), a French retailer for CE and home appliances, as well as a stake, through MSH, of 15% in the Public Joint Stock Company “M.video”, Moscow, Russia (“**M.video**”), a Russian retailer for consumer electronics.

Investments in these affiliates, joint ventures and other entities, over which CECONOMY may only have limited control, are subject to the risk that the other parties thereto, who may have different business or investment strategies than CECONOMY or with whom it may have a disagreement or dispute, may reduce CECONOMY’s independence or otherwise materially adversely affect business, financial or management decisions, such as the decision to distribute dividends or appoint members of the management, which may be crucial to the success of the project or CECONOMY’s investment in it, or otherwise implement initiatives which may be contrary to CECONOMY’s interests. Moreover, joint venture and other partners may be unable or unwilling to fulfill their obligations under the relevant joint venture agreements and shareholder agreements, or may experience financial or other difficulties that may adversely impact CECONOMY’s investment in a particular joint venture. In particular, there is the risk that partners or co-investors may become bankrupt or fail to fund their required capital contributions. CECONOMY’s co-investors may also have objectives that are inconsistent or that conflict with CECONOMY’s business interests or goals and may be in a position to block or impede action with respect to its investments or take actions contrary to its policies, objectives or interests. Disputes between CECONOMY and its co-investors may result in litigation or arbitration that may consume significant financial and other resources and result in the loss of business opportunities and growth. Furthermore, actions by CECONOMY’s co-investors, of which CECONOMY may be unaware, or which it may be unable to control, such as political affiliations, illegal or corrupt practices and other activities, may cause reputational damage to CECONOMY or result in adverse consequences for its investments, including incurring costs, damages, fines or penalties, construction delays, reputational losses or the loss of key customer relationships. In addition, CECONOMY’s joint ventures may encounter delays or not materialize on the terms initially contemplated. Any of such scenarios could have a material adverse effect on the assets and prospects of CECONOMY.

CECONOMY’s marketing campaigns may prove ineffective or infringe applicable law or result in litigation or claims.

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

From time to time, CECONOMY will need to refresh or reinvent its marketing campaigns, which will require additional expenses. In the future, CECONOMY may, for example, make significant marketing efforts in areas such as advertising, search engine optimization and social media presence. These initiatives may fail to attract new customers or to generate the anticipated purchase volumes. More generally, CECONOMY cannot guarantee that its marketing efforts will generate the required degree of brand recognition, promote growth in the number of customers, or expand the volume of sales. In markets where CECONOMY has already achieved significant penetration, acquiring additional customers could prove more difficult and costly. If a marketing campaign fails, CECONOMY could face a decrease in customer demand and a resulting decline in sales so that the investments made will turn out to be ineffective. Therefore, failed marketing campaigns could have a material adverse effect on CECONOMY’s business, results of operations and financial condition.

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

CECONOMY’s business may be negatively affected by changes in search engine algorithms and dynamics, or search engine disintermediation.

A significant number of CECONOMY’s customers access its online services by clicking on a link contained in organic search results generated by internet search engines. Therefore, CECONOMY depends in part on various internet search engines, such as Google, to direct a significant amount of traffic to CECONOMY’s websites, from

which it derives a substantial portion of its revenue. The ability of CECONOMY to maintain a high number of visitors to its websites is not entirely within its control. CECONOMY endeavors to increase such relevant traffic by increasing the ranking of its online services in organic searches, a process known as search engine optimization.

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

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

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

Any increase in cancellation or return rates could increase CECONOMY's costs and harm its business.

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

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

CECONOMY believes that its future performance largely depends on its ability to attract and retain highly skilled technical, managerial and marketing personnel who are familiar with CECONOMY's key customers and experienced in the digitalization of the retail industry. Qualified employees therefore form the basis for CECONOMY's success. Competition for competent specialists remains fierce, especially in the areas relevant for digitalization and CECONOMY cannot guarantee that efforts to retain and motivate management and key employees or to attract and retain other highly qualified personnel in the future will be successful. This applies in particular to areas such as innovation and technology.

Competition for skilled employees is likely to continue to intensify for CECONOMY as the need for technical experts in the retail industry – driven by the effects of the COVID-19 pandemic – is currently higher than previously, as many competitors are required to accelerate the digitalization of their online business. There is therefore a risk that CECONOMY may not succeed in recruiting and retaining enough suitable employees to fill key positions as necessary to implement its digitalization process.

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

CECONOMY is exposed to the risk of rising labor costs which might negatively affect its profitability.

Personnel expenses represent a significant portion of CECONOMY's cost base. Future increases of statutory minimum wages and general wage levels, both in Germany and abroad, may impact its cost base both directly or indirectly (if, for example, higher wage levels impact the overall cost structure of CECONOMY's suppliers and such suppliers pass on the increased costs or a portion thereof). This could reduce CECONOMY's margins, unless CECONOMY is able to increase the efficiency and productivity of its employees in line with, or at a faster rate than, the rate of their salary increases. If CECONOMY is unable to limit such increases in personnel costs or if cost increases cannot be passed on to CECONOMY's customers, or only with a delay, this could reduce margins and profitability and have a material adverse effect on the results of operations, financial position, cash flow and prospects of CECONOMY.

CECONOMY may incur liabilities that are not covered by insurance and its insurance premiums may increase substantially.

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

CECONOMY's group companies in Poland and Sweden did not implement CECONOMY's strategy consistently in the past, which resulted in adverse effects on CECONOMY. Any inconsistent or inadequate implementation of CECONOMY's strategy by group companies in the future could result in missed profit opportunities and potential losses.

There is a risk that CECONOMY's strategy will not be implemented consistently and adequately by all of CECONOMY's group companies. In the past, CECONOMY's group companies in Poland and Sweden did not implement CECONOMY's strategy uniformly and, in the case of the Polish group company, performed a deviating strategy, which proved to be disadvantageous for CECONOMY. If group companies will deviate from CECONOMY's strategy in the future, this might result in missed profit opportunities for CECONOMY in the respective market. Furthermore, CECONOMY's ability to withdraw from such markets might be limited in the short-term, in particular due to longer-term lease agreement, as it is the case in Sweden. In addition, the withdrawal of a market by CECONOMY could be burdened by high costs for reducing the respective work force, including severance payments and settlement compensations, if CECONOMY is unable to terminate employment relationships on short notice. As a result, CECONOMY might have to continue unprofitable parts of its business, which could ultimately result in losses. If CECONOMY will be unable to implement its strategy in all group companies consistently and adequately, this could have a material adverse effect on its business, results of operations and prospects.

Risks related to CECONOMY's financial condition

CECONOMY faces risks associated with its indebtedness and financing needs. A change in CECONOMY's credit rating could significantly affect its access to the capital markets, increase the costs of capital and increase the need to refinance its business operations. CECONOMY could not be able to generate sufficient cash to service such indebtedness.

CECONOMY is continuously evaluated by two rating agencies, namely Moody's Investors Service and Scope Ratings. On September 16, 2020 Scope Ratings confirmed CECONOMY's BBB-/Stable issuer rating. However, on April 10, 2020, Moody's Investors Service downgraded CECONOMY's rating to Ba1 with a negative outlook, citing in particular the negative impact of the COVID-19 pandemic on CECONOMY's operating business. On May 19, 2021, the outlook was changed to stable. An essential part of the management of financial risks is to enable unrestricted capital market access for the Company. Any downgrade of the current ratings and lower credit ratings from banks and suppliers could have significant impact on this access and thereby on CECONOMY's 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 and could lead to a significant deterioration of its liquidity situation. In general, deterioration of net working capital would increase the probability of an additional financing requirement. CECONOMY's efforts to optimize and monitor the key figures relevant for its ratings, in particular in order to be able to initiate countermeasures at short notice, could be insufficient to prevent a rating downgrade. Furthermore, an economic slowdown and/or a decline in the retail industry, such as caused by the COVID-19 pandemic, could prompt a further review of CECONOMY's credit ratings.

Although a further downgrade could momentarily be avoided, CECONOMY's ratings could be further downgraded in the future by Moody's Investors Service and/or Scope Ratings, in particular as the entire effects of the COVID-19 pandemic are not yet foreseeable. Any further rating downgrade could significantly affect CECONOMY's access to the capital market and increase the costs of capital, limiting CECONOMY's ability to borrow additional funds as needed or take advantage of business opportunities as they arise. This could also limit CECONOMY's flexibility in planning for, or reacting to, changes in its business and the industry. This in turn could have significant adverse effects on CECONOMY's financial condition. In addition, as a consequence of a downgrade of its credit ratings, CECONOMY may be required to pay higher interest under existing loan agreements. Such higher debt costs could also restrict CECONOMY's future access to debt or equity financing.

Furthermore, CECONOMY's cash flow from operating activities may not be sufficient to repay all of its outstanding debt, and CECONOMY may not be able to borrow money, sell assets or otherwise raise funds on acceptable terms, or at all, to refinance such debt. As of March 31, 2021, net debt amounted to €1,462 million (March 31, 2020: €1,304 million). Adjusted for lease liabilities, net liquidity as of March 31, 2021 amounted to €561 million (March 31, 2020: €913 million). Net liquidity/net debt is calculated by netting borrowings with cash and cash equivalents and short-term financial investments. The significant amount of debt mainly caused by lease liabilities may limit its flexibility to respond to future events and could have a material adverse effect on its business, financial position, operating results and prospects. Furthermore, actual and future cash requirements may be higher than currently expected. The ability to repay or refinance maturities depends on general economic, financial, competitive, market, legislative, regulatory and other factors, many of which are beyond CECONOMY's control. Therefore, CECONOMY can neither guarantee that its business will generate sufficient cash flow from operating activities nor that the cost savings, sales growth and operating improvements currently anticipated will be realized, or that future debt and equity financing will be available on satisfactory terms or at all in an amount sufficient to enable CECONOMY to pay its debts when due, or to fund its other liquidity needs. CECONOMY may be required to use a substantial portion of its cash flows from operations to make interest payments on its debt, which in turn reduces the cash flows available to fund capital expenditures and other corporate purposes, to grow its business or to pay dividends.

In addition, the general development of interest rates has a significant impact on CECONOMY's interest expense. Interest rates are sensitive to many factors beyond CECONOMY's control, including the policies of the European Central Bank and central banks of other jurisdictions, domestic and international economic conditions and political factors. If the general interest rate level, which is currently at a historically low level, rises, this could significantly increase CECONOMY's interest expense. Furthermore, there can be no assurance that CECONOMY will be able to protect itself from adverse effects of future interest rate fluctuations. Such fluctuations in market interest rates could also lead to an increase in interest expense. Any such increase in interest expense could have a material adverse effect on CECONOMY's business, results of operations, financial position, cash flows and prospects.

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

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

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

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

CECONOMY's indebtedness or the enforcement of certain provisions of its financing arrangements could restrict its operational flexibility or could lead to refinancing requirements.

CECONOMY's financing is based on several sources. CECONOMY issues financial instruments on the capital market for medium- and long-term financing. This includes several outstanding promissory note (*Schuldscheindarlehen*) with a total nominal amount of €250 million. For short-term financial funding, CECONOMY has a multi-currency commercial paper program with a maximum volume of €500 million. As of March 31, 2021, CECONOMY had commercial paper outstanding amounting to €65 million. CECONOMY's liquidity reserves are based on syndicated credit facilities amounting to €2,680 million, which, as of the date of the Offering Memorandum, have not been utilized. See “—CECONOMY is exposed to risks resulting from restrictions imposed by the Credit Facilities Agreement in connection with the German federal government's direct investment program for syndicated financing”.

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

Furthermore, CECONOMY's financing agreements contain customary covenants which restrict its operational flexibility. In addition, certain covenants limit CECONOMY's ability to obtain additional financing, its flexibility in planning for, or reacting to, changes in the markets in which it competes, place it at a competitive disadvantage relative to its competitors with less indebtedness, renders it more vulnerable to general adverse economic and market conditions or require it to dedicate a significant portion of its cash flow to service its debt. For information on the covenants arising from the credit facilities agreement between the Company and, inter alia, the German

state lender KfW, Frankfurt am Main, Germany (“**KfW**”), see “—*CECONOMY is exposed to risks resulting from restrictions imposed by the Credit Facilities Agreement in connection with the German federal government’s direct investment program for syndicated financing.*”

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

CECONOMY is exposed to risks resulting from restrictions imposed by the Credit Facilities Agreement in connection with the German federal government’s direct investment program for syndicated financing.

Given the current uncertainty about the duration and impact of the COVID-19 pandemic, CECONOMY decided at an early stage in 2020 to utilize the German federal government’s special program for direct investment for syndicate financing (*Direktbeteiligung für Konsortialfinanzierung*). The program is made available by KfW and provides financial support to companies that encountered temporary financial difficulties solely as a result of the COVID-19 pandemic. In this program, KfW participates as a lender directly together with a syndicate of existing lenders. The existing syndicated credit facilities agreement of the Company was increased by two additional facilities and MSH joined as an additional borrower (“**Credit Facilities Agreement**”). The Credit Facilities Agreement includes a facility of €1,700 million (“**KfW Facility**”) which has been made available, *inter alia*, by KfW in accordance with the KfW Special Program “Direct Participation for Syndicated Financing” (855). As of the date of the Offering Memorandum, the Credit Facilities Agreement has not been utilized by CECONOMY or MSH.

The participation of KfW under the Credit Facilities Agreement is subject to certain requirements and covenants. If such requirements were not fulfilled or such covenants are not complied with, any of the lenders may cancel its commitment and request re-payment of its participation in outstanding advances. Furthermore, the Credit Facilities Agreement imposes certain restrictions on CECONOMY and MSH. For example, in the event of a change of control (within the meaning of Section 29 para. 2 sentence 1 of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz* – “**WpÜG**”)) in relation to the Company as a result of the (direct or indirect) acquisition of control by a single person or a group of persons acting in concert and the loss of the joint control of Dr Michael Schmidt-Ruthenbeck and the shareholders of Franz Haniel & Cie. GmbH and their relatives (as defined in Section 1589 of the German Civil Code (*Bürgerliches Gesetzbuch* – “**BGB**”)) and any associated trust or foundation (*Stiftung*), any of the lenders may cancel its commitment and request repayment of its participation in outstanding advances under the Credit Facilities Agreement.

The Credit Facilities Agreement also stipulates that, for as long as the KfW Facility is not cancelled or repaid in full, all commitments shall be automatically cancelled and all outstanding advances shall be immediately due and payable if the Company’s shareholders’ meeting (*Hauptversammlung*) adopts a resolution pursuant to which the Company will pay a dividend (other than the minimum dividend which the Company is obliged to pay in accordance with Section 254 of the German Stock Corporation Act (*Aktiengesetz* – “**AktG**”). In the same way, the Credit Facilities Agreement imposes restrictions with regard to the buyback of shares by the Company. Furthermore, the available commitments under the KfW Facility will be reduced automatically (but not cancelled) by the principal amount of any commercial paper issued by the Company or any group company of CECONOMY for as long as such commercial paper remains outstanding. In addition, the Credit Facilities Agreement contains, *inter alia*, restrictions regarding the sale or disposal of assets or in case of receiving proceeds by any member of the group under asset-backed security programs, capital market or commercial paper issuance, and the use of certain state aid programs.

Furthermore, under the Credit Facilities Agreement, the Company and MSH undertook to comply with and use the proceeds made available under the KfW Facility in compliance with the rules and conditions of the KfW Special Program “Direct Participation for Syndicated Financing” (855).

The Credit Facilities Agreement also provides for a financial covenant relating to the ratio of consolidated net debt to EBITDA, a limitation on the indebtedness of the Company’s subsidiaries and restrictions in connection with certain disposals by subsidiaries of the Company. Furthermore, the Company and MSH are restricted to incur any new debt financing with a better yield than the yield applicable to the KfW Facility until any outstanding amounts under the KfW Facility are repaid or unless, prior to the incurrence of such new debt financing, better terms reflecting such yield accordingly were offered to the KfW Facility lenders.

On May 6, 2021, CECONOMY entered into an ESG-linked syndicated revolving credit facilities agreement (the

“**ESG Credit Facility Agreement**”) amounting to up to €1.06 billion. The new syndicated revolving credit facilities are intended to replace the Credit Facilities Agreement, including the KfW Facility.

The ESG Credit Facility Agreement will become effective upon termination of the facilities under the Credit Facilities Agreement at the sole discretion of CECONOMY. For additional information, see “*Description of Certain Financing Arrangements—Loan Agreements—ESG linked revolving credit facilities agreement*”. Pending the effective date of the ESG Credit Facility Agreement, any failure to comply with the requirements and covenants of the Credit Facilities Agreement could have a material adverse effect on the financial position and prospects of CECONOMY.

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

As the central management holding company of CECONOMY, the Company has no business operations of its own, except for certain services it provides to MSH and other subsidiaries. The principal assets of the Company are (indirect) shareholdings in its operating subsidiaries. The Company’s key economic activities are bundled – directly and indirectly via its wholly-owned subsidiary CECONOMY Retail GmbH, Dusseldorf, Germany – in MSH as the holding company of the MediaMarktSaturn Retail Group. As a result, the Company is dependent on dividends, interest payments and other payments from its direct and indirect subsidiaries/minority shareholdings (e.g. FNAC DARTY, M.video, METRO AG, Dusseldorf, Germany (“**METRO**”), METRO PROPERTIES GmbH & Co. KG, Dusseldorf, Germany, etc.) in order to generate the funds required to meet its financial obligations.

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

If the Company does not receive sufficient distributions and/or other payments from its direct and indirect subsidiaries, it may be unable to meet its financial obligations. This could have a material adverse effect on the financial position of CECONOMY.

CECONOMY is exposed to the risk of impairment of reported goodwill and additional assets.

Lower operating profits than planned or operating losses, particularly in low-margin countries, due to, among other things, a highly competitive market environment, may entail impairment of reported goodwill and additional assets. This may negatively impact CECONOMY’s net assets and earnings position. CECONOMY’s efforts to strengthen the operating performance could be insufficient, in particular with respect to unexpected developments. For example, the outbreak of the COVID-19 pandemic and the associated temporary store closures significantly impacted the operating results in the financial year ended September 30, 2020. An economic crisis could also adversely affect growth and profitability opportunities in some countries. This could result in the requirement for CECONOMY to conduct goodwill or asset impairments. In addition, sustained or significant declines in prices of listed financial instruments and investments accounted for using the equity method could indicate impairment of the affected asset. The impairment test then to be performed may harm CECONOMY’s net assets and earnings position. The investment in FNAC DARTY was tested for impairment as of March 31, 2020 in particular due to the severe downturn in stock markets at the start of the COVID-19 pandemic. The investment, which is accounted for using the equity method, was impaired by €268 million in the second quarter of the financial year ended September 30, 2020, which had a negative impact on reported EBIT. As of March 31, 2021, there were indications of a possible impairment reversal. The expert reassessment of the investment in Fnac Darty S.A. resulted in an impairment reversal of €150 million. Furthermore, future potential reversals of impairment on the investment in Fnac Darty S.A. were recognized as an opportunity.

In addition, CECONOMY’s participation in M.video, which was accounted for at a fair value of €222 million as of March 31, 2021, is subject to valuation risks and foreign exchange risks. Any further impairment of CECONOMY’s investments could have a material negative effect on CECONOMY’s assets, results of operations and financial position.

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

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

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

CECONOMY's results of operations may be adversely affected by currency fluctuations.

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. CECONOMY's functional and reporting currency is the Euro and distinguishes two types of currency risks. On the one hand, transactional risks consist of value fluctuations of foreign currency payments or payments of amounts which depend indirectly on a foreign currency. The devaluation of the relevant foreign currency reduces the equivalent value in the domestic currency of incoming foreign cash flows, while an appreciation increases the domestic equivalent of outgoing cash flows. Transactional risks relate to planned or contracted foreign currency payments, investments (dividends and capital changes involving an unsecured translation risk) and contracted financing transactions. On the other hand, translation risks arise from value fluctuations of consolidated net assets, for example, from the conversion of the net assets of consolidated subsidiaries which are held in foreign currency.

CECONOMY generates a significant part of its sales and costs in a number of non-euro currencies, such as Pound sterling, Hong Kong dollar, Polish zloty, Russian ruble, Swedish krona, Swiss franc, Turkish lira, US dollar and Hungarian forint. Furthermore, CECONOMY sells imported products and purchases various imported merchandise given that a substantial proportion of its products are purchased from representatives of large international producers or suppliers. In the event of a depreciation of the respective currencies of the countries in which CECONOMY operates, the cost of its imported products and equipment may increase and CECONOMY may be unable to pass all or some of product cost increases to its customers without negatively affecting its sales and profitability. Consequently, further depreciation of the currency of a country in which CECONOMY generates a significant share of its sales against foreign currencies may lead to an increase in its expenses in local currency terms and slow its sales growth, therefore negatively affecting its results of operations.

Exchange rate fluctuations also affect the translated value of balance sheet and income statement positions of CECONOMY's group companies outside the Eurozone, which are denominated in the relevant national currency, predominantly in Turkish lira. These positions must be converted into Euro in connection with the preparation of the consolidated financial statements. As a result, exchange losses may arise due to this conversion (so-called translation risk).

CECONOMY's efforts to cover certain currency risks by managing short- and medium-term exchange rate fluctuations through hedging transactions by entering into swap, currency forward or option agreements covering CECONOMY's expected exposure to currency exchange rate risks could not sufficiently cover the actual risk. Risks from translation may therefore remain unhedged. This risk could in particular increase if – due to the effects

of the COVID-19 pandemic – different ways to recover from the pandemic in Europe lead to the development of a Europe of two speeds with large economic gaps between single countries, resulting in large currency gaps.

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

Risks related to regulatory, legal and tax matters

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

The Company intends to implement structural measures such as the conclusion of a profit and loss transfer agreement and/or alternative measures serving tax consolidation purposes, which shall create significant value by opening up and ensuring the ability to utilize tax losses from 2020/21 onwards. The majority of this newly created value shall stem from existing tax-loss carryforwards (*steuerliche Verlustvorträge*) at the level of the Company, which total approximately €1.1 billion for corporate income tax (*Körperschaftsteuer*) and €1.3 billion for trade tax (*Gewerbesteuer*), respectively. Additional tax-related optimization potential arises from the deductibility of the Company's costs. The Company believes that these tax advantages will in fact increase even further in subsequent years, depending on how the earnings develop going forward. Altogether, the value that may be created from tax-loss carryforwards amounts to approximately €360 million (without discounting). Enabling and ensuring the long-term usability of existing tax-loss carryforwards are subject to the proviso of the existing loss carryforwards of the Company not dropping away, whether partially or as a whole, in the context of the intended structural measures or following their implementation. For example, the loss carryforwards would drop away in their entirety in the event of what is known as a "detrimental acquisition of an ownership interest" in the Company within the meaning of Section 8c para. 1 sentence 1 of the German Corporate Income Tax Act (*Körperschaftsteuergesetz*). In the view of the Company, no such acquisition of an ownership interest has taken place. In addition, the Company has not been subjected to a tax audit for ten assessment periods. However, it cannot be ruled out that the amount of the utilizable tax-loss carryforwards may be reduced in the context of such a tax audit. In the view of the Company, based on the current status of proceedings, there could be additional potential for tax-loss carryforwards.

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

The integrity of customer information stored by CECONOMY may be compromised and any loss or misappropriation of customer data may damage its reputation and brand and may give rise to civil liability, administrative orders (including injunctive relief), fines or even criminal charges.

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

Regulations regarding data collection and data protection may also become stricter in the future. New laws, regulations or developments in this field and changes in consumer behavior could interfere with CECONOMY's strategies to use privacy-related information for its marketing and sales efforts, including the use of a retail loyalty card or e-commerce platforms, and could consequently have an adverse effect on CECONOMY's strategy, business and results of operations. For example, the regulation (EU) 2016/679 on data privacy of April 27, 2016 ("GDPR") has introduced substantial burdens on companies in light of the data protection regime of the EU. This regime to a large extent replaced current national data protection laws by a directly applicable EU regulation. The GDPR applies since May 25, 2018 and imposed a substantially higher compliance burden on CECONOMY's business. In particular, the GDPR increased the maximum level of fines for corporations to the higher of up to €20 million or 4% of a company's total worldwide annual sales. As a result of any substantial amendments to

laws or regulations, CECONOMY faces higher compliance costs, changes to its business practices and an increasing risk of non-compliance due to increased complexity of such laws or regulations.

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

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

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

As a retailer of third-party products, CECONOMY could become subject to adverse legal or regulatory actions, if its suppliers provide it with, and CECONOMY sells, products that do not comply with applicable laws or regulations, including laws and regulations relating to consumer rights, product safety, environmental protection, and standards relating to employment and factory conditions. For example, the German laws regarding electrical and electronic equipment (*Elektro- und Elektronikgerätegesetz*) contains detailed provisions on the disposal and recycling and labelling requirements for technical devices. If its suppliers do not observe these regulations, CECONOMY will be unable to sell the relevant products. If CECONOMY fails to detect any deficiencies in the products supplied to it before such products are shipped to their customers, this could give rise to an investigation by regulatory authorities, which could result in the need for remedial action such as a recall of the relevant products, requiring the repair or replacement of the products or even a prohibition of future sales. In addition, CECONOMY may become subject to product liability claims and lawsuits under law against unfair competition.

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

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

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

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

CECONOMY has a risk-based compliance management system that is chiefly geared towards avoiding, detecting and sanctioning corruption and violations of antitrust law. However, violations of antitrust law cannot be ruled out entirely. Possible violations include (i) vertical agreements with suppliers, e.g. on minimum sales prices,

discounts, territorial restrictions, (ii) horizontal agreements with competitors, e.g. on (purchase or sales) prices, customer or territorial allocations and (iii) exchange of information on competitively sensitive information. Any involvement in illegal anti-competitive conduct, in particular in connection with business relationships with suppliers, such as with regard to the resale prices of merchandise, could lead to severe fines (and recurring violations may lead to much higher fines). Moreover, such violations as well as claims for damages may result in reputational risks for CECONOMY. As a result, any involvement in illegal anti-competitive conduct could have a material adverse effect on CECONOMY's business, results of operations and prospects. Furthermore, compliance with competition laws and regulations especially in case of changes to existing or introduction of new laws and regulations may require significant efforts and costs or changes in business practices that may have a material adverse effect on the business, the results of operations and financial condition of CECONOMY. Apart from the consequences that may result from any potential involvement in illegal conduct, CECONOMY may also face special scrutiny when carrying out acquisitions due to merger regulations in a certain jurisdiction.

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

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

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

New legislation relating to the German Supply Chain Act (Lieferkettengesetz) may impose additional restrictions and risks for CECONOMY's business.

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

Companies within scope of the new act are obliged to fundamentally expand their risk assessment and management. The key feature of the enhanced risk management is a comprehensive risk analysis, which must be carried out once a year as well as on an ad hoc basis if the company expects that risks in its supply chain have significantly changed or expanded. The new act requires companies to implement “appropriate” remedial or preventive measures. Due to the lack of specified criteria, it remains to be seen how the authorities and the courts will determine the appropriateness of the measures. The new act also stipulates the imposition of administrative fines in case of non-compliance. Although an additional civil liability in the event of a violation of the new act has been explicitly excluded in the new act, it cannot be completely ruled out that liability risks based on existing statutory provisions may increase. The new act could have an adverse effect on CECONOMY’s business, assets, results of operations, financial position, cash flow and prospects of CECONOMY as the resulting risks cannot be further quantified or qualified at the moment.

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

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

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

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

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

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

markets, and therefore could have a material adverse effect on the business and financial position of CECONOMY.

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

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

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

On February 6, 2017, the shareholders' meeting (*Hauptversammlung*) of the Company (operating as METRO at the time) approved the hive-down and spin-off agreement (*Ausgliederungs- und Abspaltungsvertrag*) between the Company and METRO (operating as METRO Wholesale & Food Specialist AG at the time) dated December 13, 2016 with respect to the hive-down and spin-off of the current business of METRO from the Company ("METRO Spin-Off"). The METRO Spin-Off was registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Düsseldorf, Germany, on July 12, 2017 and thus became legally effective. There is the possibility that the METRO Spin-Off could be retroactively qualified as not being tax-neutral, which would result in a significant amount of additional taxes and furthermore loss carryforwards dropping away.

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

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

The Company could be exposed to claims as a result of the METRO Spin-off, for which it may not obtain compensation from METRO.

Pursuant to Section 133 para. 1 and para. 3 of the German Transformation Act (*Umwandlungsgesetz*), the Company is jointly and severally liable with METRO for the fulfillment of liabilities transferred to METRO by way of the spin-off as part of the METRO Spin-Off if such liabilities fall due within five years from the announcement of the respective entry in the commercial register of METRO and claims against METRO are determined therefrom by a court or in another manner. For pension obligations based on the German Company Pension Act (*Betriebsrentengesetz*), the aforementioned period of five years is extended to ten years. As part of the METRO Spin-Off, the Company and METRO have agreed mutual indemnifications with regard to the aforementioned joint liability. However, it is not possible to determine with certainty whether the Company's indemnification claims against METRO will be recoverable in the event of a claim against the Company. Should METRO be unable to meet any future indemnification obligations to the Company, this could have a material adverse effect on the financial position of CECONOMY.

Risks related to the Notes

An investment in the Notes involves certain risks associated with the characteristics, specification and type of the Notes, which could lead to substantial losses that Holders of the Notes would have to bear in the case of selling their Notes or with regard to receiving interest payments and repayment of principal. Risks regarding the Notes comprise, inter alia, the following risks:

The market value of the Notes could decrease if the Company's creditworthiness or investors' perception of the Company's creditworthiness deteriorates.

Any person who purchases the Notes is relying on the Company's creditworthiness and has no rights against any other person. Holders are subject to the risk of a partial or total failure of the Company to make interest and/or redemption payments that the Company is obliged to make under the Notes. If the likelihood that the Company will be in a position to fully perform all obligations under the Notes when they fall due decreases, for example, because of the materialization of any of the risks regarding the Company, the market value of the Notes will suffer. The worse the creditworthiness of the Company, the higher the risk of loss resulting from an investment in the Notes.

The Notes constitute unsecured, unsubordinated obligations of the Company, ranking equally with any of the Company's other unsecured indebtedness and effectively subordinated to all of the Company's secured indebtedness.

The Notes are unsecured obligations of the Company. Subject to statutory preferences, the Notes will rank equally with any of the Company's other unsecured indebtedness, including the Credit Facilities Agreement, its outstanding promissory notes and commercial paper. The Notes will be effectively subordinated to all of the Company's secured indebtedness, to the extent of the value of the assets securing such indebtedness.

The Notes bear a fixed interest rate and their price may be negatively affected by an increase in market interest rates.

The Notes bear a fixed interest rate. Holders of fixed-interest securities are particularly exposed to the risk of a change in the price of the securities due to a change in the current interest rates in the capital market (market interest rate). While the nominal interest rate of fixed-interest securities is fixed for the term of the securities, the market interest rates typically change on a daily basis. Investors should be aware that movements in the market interest rate can adversely affect the price of the Notes and can result in losses for the Holders if they sell the Notes prior to their maturity.

Investors who hold the Notes offered as operating assets or, for other reasons, are under an accounting obligation and are obliged to draw up a (regular) statement of assets and liabilities (balance sheet) are exposed to the risk that the value of the Notes falls during the life of the Notes and that, although they continue to hold the note, they are required to report non-cash losses (*nicht liquiditätswirksame Verluste*) due to an impairment of the value of the Notes.

The specific risk is that if Holders are forced to sell their Notes at relevant trading prices such prices may be lower than the amount invested in the Notes, which in turn may result in a loss of the investment of the Holders in the Notes.

The yield of the Notes may be affected by inflation.

The inflation risk is the risk of future money depreciation. The real yield from an investment is reduced by inflation. The higher the rate of inflation, the lower the real yield on the Notes. If the inflation rate is equal to or higher than the nominal yield, the real yield is zero or even negative.

The specific risk is that if the inflation rate increases during the term of the investment or is higher when the Notes are redeemed compared to the point of time of the investment, investors will suffer a lower yield of the investment in the Notes than expected when investing in the Notes, which in turn may result in a loss of the investment of the Holders in the Notes.

There may not be a liquid market for the Notes.

Application has been made to admit the Notes to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF market of the Luxembourg Stock Exchange in accordance with the rules thereof.

There can, however, be no assurance that a liquid market for the Notes exists or, if it exists, that it will continue to exist. In an illiquid market, an investor may not be able to sell its Notes at any time at fair market prices. Further restrictions on sales of Notes may arise under the applicable securities laws of specific jurisdictions. The development or continued liquidity of any secondary market for the Notes will be affected by a number of factors including the creditworthiness of the Company as well as other factors such as the time remaining to maturity of the Notes, the outstanding amount of the Notes and the redemption features of the Notes. Such factors will also affect the market value of the Notes.

The specific risk is that Holders may not be able to sell Notes readily or at prices that will enable investors to realize their anticipated yield.

The trading market for debt securities may be volatile and may be adversely impacted by many events.

The market price of the Notes depends on various factors, such as changes of interest rate levels, the policy of central banks, overall economic developments, inflation rates or the supply and demand for the Notes. Disadvantageous changes to such factors may adversely affect the value of the Notes. There can be no assurance that such volatility will not adversely affect the market price of the Notes or that economic and market conditions will not have any other adverse effect.

The specific risk is that the price at which an investor in the Notes will be able to sell the Notes prior to the maturity date of the Notes may be at a discount, which could be substantial, from the issue price of the Notes or the purchase price paid by such investor, which in turn may result in a loss of the investment of the Holders in the Notes.

The Notes are denominated in Euro, which may expose investors for whom the Euro is a foreign currency to a currency risk. In addition, governments and competent authorities may impose exchange controls.

The Notes are denominated in Euro. If the Euro is a foreign currency for a Holder, such Holder is exposed to the risk of exchange rate fluctuations, which may affect the yield of the Notes. Exchange rate fluctuations may be caused by various factors such as, for example, macroeconomic factors, speculations and interventions by central banks or governments. Furthermore, as has already happened in the past, governments or monetary authorities may impose exchange controls that may detrimentally affect the respective exchange rate.

The specific risk is that as a result of any of the risks described in this sub-paragraph, investors may receive less interest or principal than expected, or no interest or principal which in turn may result in a loss of the investment of the Holders in the Notes.

Investors do not have any participation rights in the Company and, unlike shareholders, cannot exercise any influence on the Company.

The Holders are creditors of the Company and provide debt to it. In their capacity as lenders, Holders have no right to participate in corporate decisions of the Company. In particular, an investment in the Notes cannot be equated to a shareholding in the Company. Holders do not have any membership rights, management rights or rights to have a say. In particular, investors do not have any administrative rights (such as the right to attend general shareholders' meetings, the right to obtain information or the right to contest resolutions of general shareholders' meetings).

The Notes are subject to a risk of early redemption.

In the event that the Company would be obliged to increase the amounts payable in respect of the Notes due to the occurrence of certain events constituting a change in tax law as defined in the Terms and Conditions of the Notes, the Company may redeem the Notes in accordance with the Terms and Conditions of the Notes.

The Company may also, at its discretion, redeem the Notes by paying a "make-whole" premium in accordance with the Terms and Conditions of the Notes. Holders may, therefore, be exposed to risks connected to the reinvestment of cash proceeds from the sale or early redemption of the Notes.

The specific risk is that if the Company redeems the Notes prior to the maturity date of the Notes Holders may be exposed to the risk that due to such early redemption its investment will have a lower than expected yield at the point of time when investing in the Notes. Also, in case of an early redemption of the Notes, Holders may only be able to reinvest on less favorable conditions as compared to the original investment, which may result in a lower yield than expected when investing in the Notes.

Transaction costs may be payable by Holders in connection with a purchase or sale of the Notes.

When the Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) may become payable in addition to the purchase or sale price of the Notes. Credit institutions may charge commissions, which are either fixed minimum commissions or pro-rata commissions, depending on the order value. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Holders may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third-party costs). In addition to such costs directly related to the purchase of securities (direct costs), potential investors must also take into account any follow-up costs (such as custody fees).

The specific risk is that such additional costs may lower the yield of the investment substantially and in a worst case investors may even suffer a loss. Therefore, potential investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

Adverse change of law may affect the Notes.

The Notes are governed by the laws of Germany in effect as of the date of this Offering Memorandum. No assurance can be given as to the impact of any possible judicial decision or change to the laws of Germany or administrative practice or the official application or interpretation of the laws of Germany after the date of this Offering Memorandum.

The specific risk is that Holders may face detrimental changes in the laws of Germany, which negatively impact their rights under the Notes. This could even lead to situations where Holders are not allowed to enforce their rights under the Notes, which in turn may result in a loss of the investment of the Holders in the Notes.

The tax treatment of the Notes should be duly considered by each investor.

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial instruments such as the Notes. Potential investors are advised not to rely on the tax overview contained in this Offering Memorandum but to consult their own tax advisor on their individual taxation with respect to the acquisition, sale and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of the potential investor.

Under the Terms and Conditions of the Notes, certain Events of Default require a quorum of at least 15% of the aggregate principal amount of the Notes then outstanding.

If an event of default (as specified in the Terms and Conditions of the Notes) occurs and is continuing each Holder is entitled to declare due and payable by submitting a termination notice to the Issuer its entire claims arising from its Notes and demand immediate redemption at the principal amount thereof, together with unpaid interest accrued to (but excluding) the date of actual redemption. However, with regard to certain events of default, any notice by a Holder declaring Notes due will only become effective if the Issuer has received default notices from the Holders representing at least 15% of the aggregate principal amount of the Notes then outstanding (the “**Quorum**”). Accordingly, if such Quorum is not met, the termination notice by a Holder will not result in the Issuer being required to redeem the Notes at their principal amount plus unpaid interest accrued.

A Holder is exposed to the risk of being overruled in a Holders’ meeting against its will, if the majority of the Holders, in accordance with the Terms and Conditions of the Notes by means of a majority decision pursuant to the German Act on Bonds of 2009 (Schuldverschreibungsgesetz, SchVG), agree upon the amendment of the Terms and Conditions of the Notes.

Pursuant to the German Act on Bonds of 2009 (Schuldverschreibungsgesetz, “SchVG”), holders of notes may agree, with the consent of the Company, upon the amendment of the terms and conditions of their notes in a Holders’ meeting. Depending on the subject of the amendment, certain majority requirements and a quorum apply. Furthermore, the SchVG provides for the possibility of the holders of the notes to appoint a common representative who can assert rights of the holders of notes *vis-à-vis* the Issuer.

The specific risk is that Holders may be overruled and lose their rights *vis-à-vis* the Company against their will, if the majority of the Holders passes a majority resolution in accordance with the SchVG and in accordance with

the Terms and Conditions of the Notes to amend the Terms and Conditions of the Notes, which in turn may result in a loss of the investment of the Holders in the Notes. Any such majority resolution will even be binding on Holders who have declared their claims arising from the Notes due and payable based on the occurrence of an event of default, but who have not received payment from the Issuer prior to the amendment taking effect.

Since no Holders' Representative will be appointed as from the issue date of Notes, it will be more difficult for Holders to take collective action with respect to the Notes.

Under the SchVG, an initial joint representative (*gemeinsamer Vertreter*) of the Holders (the “**Holders' Representative**”) may be appointed by way of the terms and conditions of an issue. The Holders' Representative is not a trustee and its functions differ in material respects from those of a trustee appointed under the U.S. Trust Indenture Act of 1939 or similar legislation. No initial Holders' Representative will be appointed under the Terms and Conditions of the Notes. Any appointment of a Holders' Representative for the Notes following issuance of the Notes will, therefore, require a majority resolution of the Holders.

The specific risk is that if the appointment of a Holders' Representative is delayed, which may make it more difficult or even impossible for Holders to take collective action to enforce their rights under the Notes.

It is possible that a Holder may be deprived in its individual right to pursue and enforce its rights under the Terms and Conditions of the Notes if such right was passed on a Holders' Representative.

If a Holders' Representative were to be appointed by majority decision of the Holders, it is possible that a Holder may be deprived of its individual right to pursue and enforce its rights under the Terms and Conditions of the Notes against the Company, if such right was passed to the Holders' Representative by majority vote. In such case, the Holder's Representative would be exclusively responsible to claim and enforce the rights of all the Holders.

The specific risk is that Holders may not be able to enforce their rights under the Notes individually but only with consent and depending on the action of a Holders' Representative only, which in turn may result in a loss of the investment of the Holders in the Notes.

Although the occurrence of specific change of control events will permit the Holders to require early redemption of the Notes, the Company may not be able to redeem such Notes.

Upon the occurrence of a specific change of control event pursuant to the Terms and Conditions of the Notes, Holders will have the right to require redemption of the Notes at 101% of their principal amount, plus accrued and unpaid interest. The Company's ability to redeem the Notes upon such a change of control event will be limited by its access to funds at the time of the redemption. Upon a change of control event, the Company may be required to immediately repay the outstanding principal, any accrued interest on and any other amounts owed under other debt outstanding, including the Credit Facilities Agreement, its outstanding promissory notes and commercial paper. For further details, see “*Description of Certain Financing Arrangements*”. The source of funds for these repayments would be the available cash or cash generated from other sources. However, there can be no assurance that there will be sufficient funds available upon a change of control event to make these repayments and any required redemption of the Notes.

The specific risk is that if the Company is unable to fund such early redemption due to a change of control event Holders may suffer a loss of their investment.

Credit ratings may not reflect all risks of an investment in the Notes; they are not recommendations to buy or hold securities, and are subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be reduced or withdrawn entirely by the credit rating agency if, in its judgment, circumstances so warrant.

The specific risk is that in case of any suspension, reduction or withdrawal of the credit rating assigned to the Notes by one or more of the credit rating agencies this may adversely affect the cost and terms and conditions of the financings of the Company, and its refinancing strategy in general, and could adversely affect the value and

trading of such Notes which in turn may result in a loss of the investment of the Holders in the Notes if a Holder is forced to sell its Notes at a price which is lower than the price when investing in the Notes.

GENERAL INFORMATION

General Information

The legal name of the Company is “CECONOMY AG”.

The Company was formed on May 13, 1992 as a stock corporation (*Aktiengesellschaft* or *AG*) under German law and under the company name “STEBA Beteiligungs Aktiengesellschaft” with registered seat in Frankfurt am Main, Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main, Germany, under the registration number HRB 35046.

The Company is a stock corporation (*Aktiengesellschaft* or *AG*) incorporated in Germany and organized under German law, operating in Germany under the laws of Germany. Thus, the AktG as well as other laws applicable to stock corporations (in particular the German Transformation Act (*Umwandlungsgesetz*), the HGB, the WpHG and the WpÜG) apply to the Company.

The Company’s name was changed to “METRO AG” and, subsequently, to its current name “CECONOMY AG” by way of resolution by the General Shareholders’ Meeting (as defined below) on February 6, 2017, which was recorded in the Company’s commercial register on August 11, 2017. The registered office of CECONOMY AG is in Düsseldorf, Germany, and it is registered with the commercial register (*Handelsregister*) maintained by the local court (*Amtsgericht*) of Düsseldorf, Germany, under HRB 39473.

The Company’s business address is Kaistraße 3, 40221 Düsseldorf, Germany, tel. +49 (0) 211 5408-7000, Internet address: www.ceconomy.de. The Company’s most recent Articles of Association are dated February 17, 2021.

The Company has been formed for an indefinite period of time. The fiscal year of the Company is October 1 to September 30 of the following year.

The Company can be reached at the telephone number +49 (0) 211 5408-7000.

The Company’s Legal Entity Identifier (LEI) is 5299001X9L42HXEBCZ51.

The Company publishes its announcements in the Federal Gazette (*Bundesanzeiger*).

Principal Activities

Pursuant to § 2 para. 1 of the Company’s Articles of Association, the Company’s object is:

- 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; and
- asset management.

Pursuant to Section 2 para. 2 of the Articles of Association, 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 Section 2 para. 1 of the Articles of Association.

Pursuant to Section 2 para. 3 of the Articles of Association, the Company may confine its activities to one or some of the business areas specified in Section 2 para. 1 of the Articles of Association. The Company may also conduct its activities 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 give 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.

Organizational Structure and Equity Interests of CECONOMY AG

Governing Bodies and Corporate Governance

In accordance with the German Stock Corporation Act (*Aktiengesetz*), the Company has a two-tier board system consisting of the Executive Board (*Vorstand*) and the Supervisory Board (*Aufsichtsrat*). The two boards are separate, and, as a general manner, no individual may serve concurrently as a member of both boards.

The Executive Board is responsible for managing the Company’s day-to-day business in accordance with applicable German law and the articles of association (*Satzung*) (the “**Articles of Association**”) as well as its rules of procedure (*Geschäftsordnung*). In addition, the Executive Board must ensure appropriate control of risk within the Company and its subsidiaries in order that any developments jeopardizing the Company’s future as a going concern may be identified at an early stage. The Executive Board legally represents the Company in dealings with third parties and in court.

The Supervisory Board advises the Executive Board on the management of the Company, monitors its conduct of business and is responsible for appointing and dismissing the members of the Executive Board for good cause. It also represents the Company in transactions between a member of the Executive Board and the Company. The Supervisory Board generally may not exercise management functions. The Articles of Association and the rules of procedure (*Geschäftsordnung*) of the Executive Board, however, require that certain types of transactions may not be carried out by the Executive Board without the prior consent of the Supervisory Board. If the Supervisory Board refuses to approve a certain transaction or business activity contemplated by the Executive Board, the Executive Board can request that the general shareholders’ meeting decide on the matter. However, the general shareholders’ meeting of a German stock corporation may not issue directives to the Executive Board.

Executive Board

According to the Articles of Association and the provisions of the German Stock Corporation Act, the Executive Board must consist of a minimum of one member. The Supervisory Board determines the number of members of the Executive Board and appoints such members. It may also appoint the chairman and deputy chairman of the Executive Board. Members of the Executive Board may be appointed for a maximum term of five years, however, the Supervisory Board, in accordance with the recommendation in Sec. B.3 of the German Corporate Governance Code, appoints Members of the Executive Board for a term of three years only, provided, such members are appointed for the first term of office as members of the Executive Board of CECONOMY AG.

The following table sets forth the current members of the Company’s Executive Board; the business address of said members is Kaistraße 3, 40221 Düsseldorf, Germany.

<u>Name</u>	<u>Position</u>	<u>Other current memberships in administrative, management or supervisory bodies or as partners in partnerships</u>
Dr. Bernhard Düttmann	Chief Executive Officer (CEO) (<i>Vorstandsvorsitzender</i>)	Managing Director of CECONOMY Retail GmbH Member of the Advisory Board of Media-Saturn-Holding GmbH
Florian Wieser	Chief Financial Officer (CFO) (<i>Finanzvorstand</i>)	Managing Director Finance of Media-Saturn-Holding GmbH Managing Director of Media-Saturn Internationale Beteiligungen GmbH Managing Director of Media-Saturn Beteiligungen Polska GmbH Managing Director of MMS Alliance GmbH Managing Director of MMS ERA Holdco B.V.

Supervisory Board

The Supervisory Board currently consists of 20 members out of which 10 are elected by the Company's shareholders at the General Shareholders' Meeting (as defined below) by the required simple majority of the votes cast and 10 are elected by the employees by the required simple majority of the votes.

The Supervisory Board members elect one of the members as chairman (*Vorsitzender*) and another one as deputy chairman (*Stellvertretender Vorsitzender*) by a simple majority of the votes cast.

The following table sets forth the current members of the Company's Supervisory Board; the business address of said members is Kaistraße 3, 40221 Düsseldorf, Germany.

Name	Responsibility	Other principal positions
Thomas Dannenfeldt	Chairman	Managing Director of -Dannenfeldt Familien GbR and of Dannenfeldt GbR Member of the Supervisory board of Nokia Oyj, Espoo, Finland Member of the Advisory Board (<i>Beirat</i>) of accessio GmbH
Sylvia Woelke	Deputy Chairwoman	—
Wolfgang Baur	Member	—
Kirsten Joachim Breuer	Member	—
Karin Dohm	Member	Member of the Management Board of HORNBACH Baumarkt AG Member of the Management Board of HORNBACH Management AG Member of the Supervisory Board of Deutsche EuroShop AG
Daniela Eckardt	Member	—
Sabine Eckhardt	Member	Chief Executive Officer Central Europe at Jones Lang LaSalle SE
Dr. Florian Funck	Member	Member of the Management Board of Franz Haniel & Cie. GmbH Member of the Supervisory Board of Vonovia SE Chairman of the Supervisory Board of TAKKT AG
Ludwig Glosser	Member	—
Julia Goldin	Member	Executive Vice President & Chief Marketing Officer, LEGO Group
Jo Harlow	Member	Non-Executive Director of the Board of Directors of J Sainsburys plc, London, United Kingdom Independent Non-Executive Director of the Board of Directors of Halma plc, Amersham, United Kingdom Non-Executive Director of the Board of Directors of InterContinental Hotels Group plc, Denham, UK
Rainer Kuschewski	Member	—
Stefanie Nutzenberger	Member	—
Claudia Plath	Member	Managing Director / Chief Financial Officer of ECE Group GmbH & Co. KG Member of the Supervisory Board of Deutsche EuroShop AG Member of the Advisory Board of MEC METRO-ECE Centermanagement GmbH & Co. KG
Jens Ploog	Member	—
Birgit Popp	Member	—

Name	Responsibility	Other principal positions
Dr. Fredy Raas	Member	Member of the Foundation Board of Prof. Otto Beisheim Foundations in Munich Member of the Foundation Board of Prof. Otto Beisheim Foundations in Baar (Switzerland) Member of the Board of Directors of ARISCO Holding AG, Risch, Switzerland Member of the Board of Directors of HUWA Finanz- und Beteiligungs AG, Au, Switzerland Member of the Supervisory Board of METRO AG
Jürgen Schulz	Member	—
Regine Stachelhaus	Member	Member of the Administrative Board of SPIE SA, Cergy-Pontoise, France Member of the Supervisory Board of Covestro AG Member of the Supervisory Board of Covestro Deutschland AG Member of the Supervisory Board of LEONI AG Member of the Supervisory Board of SPIE GmbH
Christoph Vilanek	Member	Chairman of the Management Board of freenet AG Chairman of the Supervisory Board of eXaring AG Chairman of the Supervisory Board of Ströer Management SE Chairman of the Supervisory Board of Ströer SE & Co. KGaA Member of the Supervisory Board of VNR Verlag für die Deutsche Wirtschaft AG Member of the Board of Directors of Sunrise Communications Group AG, Zürich, Switzerland Managing Director of KPLV GmbH

- (1) Stefanie Nutzenberger joined the Supervisory Board as representative of the employees and of the trade union ver.di as a result of her court appointment by the Düsseldorf District Court by decision dated September 10/11, 2019.

BUSINESS

Overview

The Company is the central management holding company of CEECONOMY covering basic functions such as finance, accounting, controlling, legal and compliance. CEECONOMY is a European platform for companies, concepts, and brands in the field of consumer electronics (“CE”) operating more than 1,000 stores (including physical and online stores) in 13 countries. It brings together companies, concepts, formats, and brands from throughout the CE sector. In this context, the clear guiding objective is to cover the entire range of services as seamlessly as possible with this being achieved across all possible touch points: in the retail outlets, on the web, and in the mobile domain, as well as at the customer’s home. In addition, the Company, acting through its investee companies, is continually developing innovations aiming to improve and simplify the shopping experience; in partnership with other dealers and start-ups, it also pursues the goal of making the customer’s life in the digital world as easy and pleasant as possible. In this way, CEECONOMY aims not only to generate decisive added value for its customers but also economic opportunities for the enterprise and the Company’s shareholders.

CEECONOMY has a strong execution track record, having worked relentlessly to “reset” its business model since 2019 and reaping tangible rewards as a result: In line with its omnichannel strategy, it has consolidated six separate webshop platforms into a single common IT platform and, in addition, introduced a marketplace model in Germany, with an amalgamation of the MediaMarkt and Saturn webshops forming the third largest webshop in Germany (source: EHI – E-Commerce Markt Deutschland 2020). Overall, CEECONOMY was able to win more than 6 million new online customers in the financial year ended September 30, 2020. CEECONOMY has also implemented harmonized service offerings at Smartbars across all of its stores, carrying out approximately 600,000 Smartbar repairs in the financial year ended September 30, 2020, and its rollout of a new and refined insurance and warranties proposition in Germany and Austria resulted in the conclusion of 8.5 million extended warranties contracts during the same period. CEECONOMY’s introduction of standardized assortment and supplier frameworks for each country in which it operates enabled it to centralize 95% of its procurement activities at the country level, while continued efforts to optimize its logistics systems resulted in the financial year ended September 30, 2020 in a 12% fall in the average number of stock-keeping units in each of its stores as compared to the financial year ended September 30, 2019 and an enhanced customer experience. CEECONOMY also centralized its support functions within Germany, which enabled it in the financial year ended September 30, 2020 to achieve savings on personnel expenses of 5.3% over the financial year ended September 30, 2018, while the resolution of portfolio-related issues, involving among others the music streaming service JUKE!, the live shopping portal iBOOD and its Greek MediaMarkt business, generated an average of €23 million in savings in each of the financial years ended September 30, 2018 and 2019.

CEECONOMY has recorded improvements in its operative cost performance and benefitted significantly from the cost mitigation measures implemented by it in response to the COVID-19 pandemic. In particular, it has lowered its personnel expenses by reducing full-time equivalent (FTE) working hours for its workforce and also through savings attributable to the implementation of its new operating model. These developments in conjunction with the offsetting effect of the growth of its online business on increased transaction costs have enabled it to achieve cost savings in the amount of approximately €150 million in absolute terms, which represents a reduction in its operating expenses (excluding non-recurring effects and adjusted to reflect portfolio changes and restructuring expenses) of approximately 1.8% on a comparison of the six months ended March 31, 2021 with the equivalent period of the previous financial year.

CEECONOMY is the market leader in Europe for consumer electronics in terms of share of total market volume (measured by revenue and based on CEECONOMY’s own analysis on the basis of FY 2019/20 data from GfK and other market research sources), with a market share of approximately 16.7%. In addition, it is a well-known market player, enjoying a level of aided brand awareness of close to 100% across all countries in which it operates (source: Kantar, Brand Health Tracking).

CEECONOMY’s considerable relevance and status as a strategic partner of choice for its suppliers is underscored by its own estimation (based on TOP 10 Manufacturers Report (GfK) for 2019) that it accounts for up to one third of the sales of its top 10 suppliers within its geographic footprint, who for their part account for a smaller proportion of CEECONOMY’s sales ranging from 2% to 19%.

History

On July 12, 2017, the consumer electronics division and the food retail division of METRO AG were demerged into two independent and publicly listed companies on the MDAX via a hive-down and spin-off of the wholesale and food sector. METRO AG was renamed to CECONOMY AG on August 11, 2017, comprising, *inter alia*, MediaMarkt and Saturn electronics stores, while a new company comprising Metro Cash & Carry and Real was formed and subsequently renamed to METRO AG on August 18, 2017. Since September 24, 2018, the Company is listed in the SDAX.

On July 26, 2017, the Company entered into an agreement with ARTEMIS S.A., a French holding company owned by François Henri Pinault, to acquire approximately 24.33% of the shares in the leading French retailer for consumer electronics, household appliances and entertainment products, FNAC DARTY S.A. The overall consideration paid by CECONOMY AG to Artémis at consummation of the transaction amounted to approximately €452 million in cash.

On June 20, 2018, Media-Saturn-Holding GmbH (“**MSH**”) signed a share purchase agreement with Safmar Group (“**Safmar**”) relating to the acquisition of a 15% stake in publicly listed PJSC M.video (M.video), the leading Russian consumer electronics retailer, by MSH and the transfer by MSH of its Russian MediaMarkt business to Safmar. In addition, MSH paid a cash consideration to Safmar in the amount of approximately €258 million.

On June 29, 2018, the Company increased its share capital by approximately 10% with all newly issued shares having been subscribed by freenet AG.

On June 27, 2019, the Company completed the sale and transfer of shares of approximately 9% which the Company held in METRO AG to EP Global Commerce II GmbH.

MediaMarktSaturn Retail Group

CECONOMY’s operating business comprises several group companies with the largest part being the MediaMarktSaturn Retail Group (“**MMSRG**”), *i.e.* the group division (*Teilkonzern*) of CECONOMY with the “MediaMarkt” and “Saturn” brands. Media-Saturn-Holding GmbH, a fully consolidated subsidiary of the Company, is the holding company of the MMSRG and is responsible for MMSRG’s operative management.

MediaMarkt and Saturn

MediaMarkt was founded in 1979 and is operated as an independent retail brand within the MMSRG. MediaMarkt has a European presence in numerous countries, including Germany, Austria, Italy, the Netherlands, Spain, Sweden, **Poland** and Turkey, with approximately 870 stores and approximately 37,000 employees as of March 31, 2021. In Germany, MediaMarkt is represented by approximately 270 stores with approximately 10,000 employees as of March 31, 2021.

Saturn, also operated as an independent retail brand within the MMSRG, was founded in 1961. Saturn has a European presence in Germany and Luxembourg with approximately 150 stores and almost 5,500 employees as of March 31, 2021.

Further shareholdings

The Company also holds, directly or indirectly, stakes in the following companies:

- a stake of around 24% in FNAC DARTY S.A., Ivry-sur-Seine, France (“**FNAC DARTY**”);
- a stake of 15% in the Public Joint Stock Company “M.video”, Moscow, Russia (“**M.video**”);
- a stake of 25% in PMG Retail Market Ltd., Limassol, Cyprus (“**PMG**”);
- a stake of around 1% in METRO;
- a stake of around 6.61% in METRO PROPERTIES GmbH & Co. KG, Dusseldorf, Germany (“**MPKG**”); and

- a stake of around 80% (indirectly through its wholly-owned subsidiary CECONOMY Digital GmbH), in DTB Deutsche Technikberatung GmbH (“**DTB**”), a partner for professional technical assistance at home.

FNAC DARTY

FNAC DARTY is a French retail company for CE products and household appliances with a presence in twelve countries, including France, Spain, Portugal, Belgium, Switzerland, Luxembourg, Morocco, Qatar, Ivory Coast, Congo and Tunisia. FNAC DARTY comprises an omnichannel network of around over 560 owned stores and a growing franchise network of more than 340 stores, including more than 750 in France and Switzerland, respectively. FNAC DARTY employs approximately 25,000 employees. The ordinary shares of FNAC DARTY are listed on the Euronext Paris exchange (ISIN FR0011476928).

M.video

The M.Video-Eldorado Group is the leader of the Russian consumer electronics retail. With two leading retail brands (M.Video and Eldorado), it runs the largest Russian online platform selling consumer electronics and operates a network of more than 1,070 stores across Russia from the Kaliningrad Region to the Kamchatka Territory. The ordinary shares of M.video are listed on the Moscow Exchange (ISIN RU000A0JPGA0).

PMG

PMG is a joint venture founded in 2019 by MSH and Olympia Group Ltd., Limassol, Cyprus (“**Olympia Group**”), in order to address the Greek and Cypriot market. Both organizations contributed their operating companies – MediaMarkt Greece and the CE and entertainment retailer Public in Greece and Cyprus – to the new joint venture company.

METRO

METRO is the central strategic management holding company of the METRO group. It performs group management functions, among others in the areas of finance, controlling, legal and compliance as well as purchasing and human resources. The METRO group is an international food wholesaler and global market player. In its core wholesale business, METRO operates globally with approximately 680 stores in 24 countries. METRO is active with the delivery business (Food Service Distribution, FSD) in another 10 countries. The METRO group employs around 97,000 employees (total headcount). With respect to the hive-down and spin-off of METRO from the Company. See “—*Litigation—Proceedings regarding the Company*”.

MPKG

MPKG is a fully consolidated company of the METRO group concentrating the real estate know-how of the METRO group. MPKG operates, develops and markets an international portfolio of properties.

Store network by country

The following table sets forth the store network operated by CECONOMY, broken down by the segments DACH (Germany, Austria, Switzerland, Hungary), Western/Southern Europe (Belgium, Greece), Italy, Luxembourg, Netherlands, Portugal, Spain), Eastern Europe (Poland, Turkey) and others (Sweden):

	Sep. 30, 2019	Sep. 30, 2020	Dec. 31, 2020	Mar. 31, 2021
Germany	431	425	420	419
Austria	52	53	53	53
Switzerland	26	25	25	25
Hungary	32	32	32	32
DACH	541	535	530	529
Belgium	27	27	27	27
Greece	12	0	0	0
Italy	117	117	117	117
Luxembourg	2	2	2	2
Netherlands	49	50	50	50
Portugal	10	10	10	10
Spain	88	88	89	106
Western/Southern Europe	305	294	295	312
Poland	90	88	88	86
Turkey	78	78	80	82
Eastern Europe	168	166	168	168
Sweden	28	28	28	28
Others	28	28	28	28
CECONOMY	1,042	1,023	1,021	1,037

Strategy

CECONOMY finds itself in an increasingly challenging environment that is shaped by far-reaching market developments and customer trends. Digitalization has extended to nearly all areas of private and public life. Given the fast pace of technological development, customer needs are changing on a regular basis.

Digitalization is increasingly pervading the day-to-day in numerous areas. The pace at which digital technology is advancing necessitates the right products, the right advice and associated services. This is the only way that consumers can fully take advantage of the potential of the digital trend.

As a long-term trend, one of the effects of digitalization is that in-store business and online and mobile retail overlap even more and customers therefore expect a satisfactory shopping experience across all channels. Innovative options such as payment without cash registers, in-store navigation and virtual reality experiences can help ensure that these expectations are met. Likewise, consumers' need for advice and direct contact partners when comparing, purchasing and operating consumer electronics is constantly increasing, because consumers want to experience the benefits offered by products while at the same time investing as little time as possible.

Consumers want the benefits offered by the products while investing as little time as possible.

The trend towards greater digitalization in the day-to-day life is also driven by the COVID-19 pandemic. Although the potential changes to society as a result of the COVID-19 pandemic are not entirely predictable, certain trends have already emerged and will influence the CE market for years. For example, more and more companies are offering flexible working hours. Setting up a workplace at home and working remotely has become customary for many employees whose working environment was and is affected by the COVID-19 pandemic. Digital equipment for schools and students has also become a big issue in the public's consciousness in 2020. Home schooling has presented challenges for many parents. The way people spend their leisure time at home has changed in the past year, along with the associated use of digital devices for entertainment and support in their day-to-day lives. In the COVID-19 pandemic, the safest ways to stay informed, interact socially and communicate while maintaining social distancing rules are digital.

CECONOMY's strategic approach is based on meeting these varying requirements in the form of the right products with corresponding and tailor-made advice and services, regardless of sales channel. In a technology-driven world, CECONOMY's vision is to be the first choice – for consumers as well as business partners – as a trusted retailer with tailored solutions. This is founded on an omnichannel model focused on the customer experience.

There are three key pillars to CECONOMY's strategy:

Create an efficient organization and structure

The transformation into a customer-centric, omnichannel-driven company is assisted by the creation of an efficient organization and structure that allows group-wide initiatives to be rolled out faster and more consistently. This is based on the new Operating Model unveiled in August 2020, which focuses on harmonized management structures and centralized processes across all countries. The new target organization is intended to simplify the standardization of processes, increase efficiency in the country organizations and simultaneously reduce costs. In addition, regional country clusters will be formed, with certain countries combined in terms of organization.

The stores shall be relieved of administrative tasks so that they can direct their efforts more intensively towards customers. The relocation of these activities to the headquarters of the country organizations also supports the central management of important processes, including product range management, purchasing and logistics. The Company plans to provide employees with additional digital tools in order to further improve service quality and efficiency and to simplify many of their tasks. The use of technology and data analytics shall also ensure fast and efficient processes.

Build a unique value proposition

CECONOMY employs an omnichannel model in order to offer customers a unique value proposition thus increasing their satisfaction and loyalty. This proposition is primarily based on three factors:

- seamless omnichannel experience, including in the form of personalized customer experiences, both online business and in store;
- optimized supply chain, including centralized procurement and continuous improvements in logistics, which in turn means higher availability of goods and faster delivery times; and
- optimized category management, aligning CECONOMY's product range more closely to consumer needs.

Accelerate growth path

CECONOMY's in-store and digital platforms, combined with high customer acceptance, are also a fundamental basis for additional growth opportunities. In addition to the expansion of product range categories to innovative technologies in the health and fitness sector, relationships with business customers and manufacturers will thus come further to the fore in the future. Special business-to-business (B2B) initiatives promote opportunities to sell to potentially underserved customer segments such as small and medium-sized enterprises. In addition, CECONOMY's own sales channels are being successively opened up to external providers via the marketplace model launched in Germany in July 2020.

Material changes in CECONOMY's regulatory environment since September 30, 2020

As a tenant under various lease agreements for store locations, CECONOMY is affected by regulatory changes in tenancy law. Store closures ordered by the German government in the first lockdown in spring 2020 led to numerous disputes between landlords and tenants. In response to these legal uncertainties, the German Parliament (*Deutscher Bundestag*), on December 17, 2020, established a new special provision for commercial lease agreements during the COVID-19 pandemic in Art. 240 Section 7 of the Introductory Act to the German Civil Code (*Einführungsgesetz zum Bürgerlichen Gesetzbuch*). The amendment entered into force on December 31, 2020.

The provision applies to lease agreements if the leased property can no longer be used for the tenant's operations or can only be used with significant restrictions as a result of COVID-19-related governmental measures. In this case, a statutory presumption applies that a material change in the contractual basis between the parties of the commercial lease agreements has occurred. This opens up the scope of application for an adjustment of the lease agreement under Section 313 of the German Civil Code (*Bürgerliches Gesetzbuch – "BGB"*). Hence, the COVID-19 Law makes it easier for tenants to seek rent reduction in case of COVID-19-related closure ordinances. However, the statutory presumption does not automatically lead to a claim for adjustment of the lease agreement. For example, the presumption can be rebutted if the lease agreement was concluded at a time when a pandemic-like spread of COVID-19 was already foreseeable among the general public. Furthermore, in the event of a

dispute, the tenant must still demonstrate and prove that it cannot be expected to adhere to the unchanged contract due to the COVID-19-related governmental measure.

Investments

The following are material investments which have been made since September 30, 2020 and are in progress, and/or for which firm commitments have already been made, as applicable, broken down by the segments DACH (Germany, Austria, Switzerland, Hungary), Western/Southern Europe (Belgium, Greece (until November 29, 2019), Italy, Luxembourg, Netherlands, Portugal, Spain), Eastern Europe (Poland, Turkey) and Others (mainly Sweden and Group functions of CECONOMY AG):

The major part of the investments in the first half of the financial year ended September 30, 2021 is related to the conclusion of new and prolonged rental contracts as well as modernization of stores.

€167 million was invested in the DACH region in the six months ended March 31, 2021. Investments were therefore €58 million higher than in the same period in the previous year. The increase mainly related to the conclusion of new and prolonged rental contracts. Investments in Western/Southern Europe amounted to €90 million in the six months ended March 31, 2021, €44 million higher than the investments in the prior-year period. The increase relates, on the one hand, to the conclusion of new and prolonged rental contracts and, on the other hand, to the acquisition of 17 Spanish stores from Worten Equipamentos do Lar S.A. In Eastern Europe, €23 million was invested in the six months ended March 31, 2021, €1 million more than in the prior-year period. This amount also relates mainly to the conclusion of new and prolonged rental contracts. Investments in the “Others” segment amounted to €2 million in the six months ended March 31, 2021 (H1 2019/20: €55 million). Thereby, investments fell back to an ordinary level after investments in the prior-year period were substantially increased in the context of the establishment of PMG.

An investment budget for the financial year ended September 30, 2021 of around €785 million was approved, thereof around €300 million cash investments. The major part of the investments is related to the conclusion of new and prolonged rental contracts as well as modernization of stores, in particular to implement a new store concept. The new store portfolio approach includes formats such as “Lighthouse”, a format that serves as a showroom and to inspire customers, the core format, a shop-in-shop concept and also smaller stores, e.g. at traffic hubs for easy pick-up on the way home. Considering the recent developments of the COVID-19 pandemic, the budget will likely not be exhausted, as modernization activities are expected to be postponed in order to secure liquidity.

CECONOMY aims to return to a cash capex level of approximately 1.5% of sales per year in the near future.

The source of funding for CECONOMY’s ongoing and future investments has been, and continues to be, cash flow from operating activities and borrowings.

Besides the investments described above, CECONOMY has made no firm commitments on any significant ongoing or future investments as of the date of this Offering Memorandum.

Intellectual Property

Given the nature of its business, intellectual property rights are not material to CECONOMY. While certain brand names are important, CECONOMY does not depend on any individual trademarks or trade names.

CECONOMY predominantly uses the internet domain www.ceconomy.de with www.mediamarkt.de and www.saturn.de being the predominant internet domains of the Group.

Employees

As of March 31, 2021, CECONOMY had 51,806 employees (March 31, 2020: 56,359), excluding the Executive Board.

Material Agreements

The following provides a summary of (i) each material contract, other than contracts entered into in the ordinary course of business, to which the Company or any member of CECONOMY is a party, for the last two years as well as (ii) any other contract (other than in the ordinary course of business) entered into by any member of CECONOMY which contains any provision under which any member of CECONOMY has any obligation or

entitlement which is material to CECONOMY as at the date of this Offering Memorandum. Apart from the contracts summarized below and as of the date of this Offering Memorandum, there are no other material contracts to which the Company or any company of CECONOMY is a party.

Agreements with Convergenta

On December 14, 2020, the Company concluded an agreement with the minority shareholder of MSH, Convergenta Invest GmbH (“**Convergenta**”), in which the parties agreed, subject to, *inter alia*, the corresponding resolution of the General Shareholders’ Meeting of the Company, on, among other things, the acquisition, transfer and contribution of the shares in MSH held by Convergenta to the Company (“**Convergenta Agreement**”). The Convergenta Agreement provides that Convergenta shall contribute all of the shares in MSH with serial numbers 16 to 27 held by it alone and a pro rata amount of the share capital of MSH of DM 15,134,680.00 as well as the partial right to the share in MSH with serial number 34 jointly held with CECONOMY Retail GmbH (in the sense of joint ownership according to section 18 of the German Limited Liability Companies Act (*GmbH-Gesetz – GmbHG*)) accruing to Convergenta and a pro rata amount of the share capital of MSH of DM 17.00, together making up approximately 21.62% of the share capital of MSH (together “**Contribution Shares**”) to the Company in return for (i) the granting of 125,800,000 new no-par value ordinary bearer shares of the Company from a capital increase in return for contribution in kind, and (ii) the issuing of convertible bonds in return for contributions in kind by the Company to a total principle value of €151 million and (iii) a cash payment of €130 million to Convergenta (“**Convergenta Transaction**”). In this context, the General Shareholders’ Meeting of the Company on February 17, 2021 passed a resolution under agenda item 8 on (i) the increase of the share capital of the Company by way of a mixed non-cash capital increase excluding the shareholders’ statutory subscription rights, (ii) the issue of convertible bonds against mixed non-cash contributions excluding the shareholders’ statutory subscription rights and the creation of a new conditional capital 2021/I as well as (iii) the related amendments to the Articles of Association. As of the date of this Offering Memorandum, the consummation of the Convergenta Transaction is still pending. See also “—*Litigation—Proceedings regarding the Company*”.

Cooperation with mobilcom-debitel GmbH regarding the marketing and distribution of mobile communication products

Media-Saturn Deutschland GmbH, Ingolstadt, Germany (“**MSD**”), and mobilcom-debitel GmbH, Büdelsdorf, Germany (“**Debitel**”), which is a fully owned subsidiary of freenet AG, entered into a cooperation regarding the marketing and distribution of mobile communication products of Debitel, *inter alia*, under a distribution agreement dated April 24/May 25, 1992, which has been supplemented by various other agreements and amended several times, most recently on March 29, 2021, with its current term ending at the latest with expiry of September 30, 2022 (“**Cooperation Agreement**”). In the course of the 6th Supplementary Agreement of March 29, 2021, the parties agreed that each party may exercise its right of termination with effect from the end of the month of each year with six months’ notice. Under the Cooperation Agreement, MSD promotes and distributes Debitel’s mobile communication products in Germany in its MediaMarkt and Saturn stores as well as through its online channels, in particular by arranging postpaid mobile phone contracts with consumers for Debitel. In return, MSD receives certain fees as well as a revenue share. The Cooperation Agreement can be terminated by either party with a notice period of 6 months to September 30 and March 31 of each year of the term.

In addition, commission receivables against Debitel in connection with the brokered mobile phone contracts will be assigned to the factoring banks in the future in the course of a factoring agreement under the leadership of “Landesbank Hessen-Thüringen Girozentrale” within the limits of a monthly rolling volume of €150 million.

Purchase of 15% stake in M.video and shareholders’ agreement with Safmar

On June 19, 2018, MSH, as purchaser, entered into a share purchase agreement, as amended in September 2020 (“**SPA**”), with a company of the Safmar group (“**Safmar**”) as seller regarding the acquisition of a 15% stake in publicly listed M.video. M.video is a Russian consumer electronics retailer. As consideration, MSH paid a purchase price of €258 million (on the basis of exchange rates at the time) and transferred its entire Russian MediaMarkt business (“**MSR Group**”) to Safmar. The transaction was closed on August 21, 2018. In the SPA, MSH agreed to indemnify Safmar against losses which arise from specific matters with respect to MSR Group.

Furthermore, MSH entered into a shareholders’ agreement (“**Shareholders’ Agreement**”) with Safmar on June 19, 2018, which was amended and restated in September 2020. The Shareholders’ Agreement regulates certain matters regarding the shareholdings of MSH and Safmar in M.video and the corporate governance arrangements in respect of M.video. It will automatically terminate in the event that neither MSH nor Safmar directly or indirectly hold shares in M.video any longer.

Under the Shareholders' Agreement, MSH is entitled to nominate one member or one observer to M.video's board of directors if the board of directors has ten or less members and to nominate one member and one observer if the board of directors has eleven or more members. MSH was also granted certain information rights regarding M.video. Furthermore, Safmar must procure that M.video maintains its level-1 listing on the Moscow Exchange at all times, unless written consent is given by MSH. The Shareholders' Agreement defines certain reserved matters, regarding which Safmar must take all necessary action to ensure that no action is taken by M.video without MSH's consent. Such reserved matters include, inter alia, transactions exceeding certain thresholds, a material change in the shareholder structure, an issuance of new shares, and a de-listing from the Moscow Exchange. Before Safmar conducts any sale of shares in M.video to third parties resulting in a change of control, it must notify MSH accordingly and procure that the third party makes an offer to purchase MSH's stake in M.video at the same terms as provided to Safmar. If MSH does not accept such offer, Safmar can, provided that the offer price exceeds a certain level, require MSH to sell and transfer its stake in M.video to the third party. Furthermore, the Shareholders' Agreement contains a non-compete obligation of MSH and its affiliates which applies until three years from the date on which MSH no longer holds any shares in M.video. In certain circumstances, MSH can exercise a put option regarding its stake in M.video under the Shareholders' Agreement.

Joint Venture Agreement

On July 2, 2019, MSH and Olympia Group entered into a joint venture agreement in order to create a new corporation to cover the Greek and Cypriot market ("**Joint Venture Agreement**"). Prior to the transaction, twelve MediaMarkt stores were operated under MSH's country organization MediaMarkt Greece, with each store company held jointly by MS Griechenland Beteiligungen GmbH, Munich, Germany ("**MSGB**"), and Media Saturn Electronics Hellas Commercial and Holding SA ("**Media Saturn Hellas**"). MSH was the sole shareholder of MSGB and also held 100% of the shares in Media Saturn Hellas directly and indirectly through MSGB. Olympia Group was the sole shareholder of Retail World SA ("**Retail World**"), under which the consumer electronics and entertainment retailer Public was operated in Greece and Cyprus.

Under the Joint Venture Agreement, MSH and Olympia Group established PMG, to which MSH contributed all its shares in MSGB and in Media Saturn Hellas. Olympia Group contributed to PMG its 100% stake in Retail World. In exchange, MSH and Olympia Group received shares in PMG in proportion to the equity values of the companies contributed by each party to the Joint Venture Agreement. Accordingly, Olympia Group now holds 75% and MSH holds 25% of PMG. The transaction was concluded on November 29, 2019.

For the time being, the stores of both companies are continued under their respective brand names. Therefore, the Joint Venture Agreement provided for the obligation of MSH to grant, or ensure granting of, certain licenses to PMG and Media Saturn Hellas and for the obligation of Olympia Group to grant, or ensure granting of, certain licenses to PMG and Retail World. The future branding strategy and related licensing concept is subject to further discussion. Furthermore, MSH agreed to provide, or ensure provision of, certain services to PMG and/or Media Saturn Hellas for a certain period of time. Respectively, Olympia Group agreed to provide, or ensure provision of, certain services to Retail World and its wholly owned subsidiary ITC PUBLICWORLD LIMITED ("**ITC**").

With regard to shareholder loan agreements that MSH (as lender) and Media Saturn Hellas, respectively each of its subsidiary store companies (as respective borrowers) have entered into, MSH was obligated to sell and assign the respective loans to PMG. Additionally, under the Joint Venture Agreement MSH was to procure that certain intra-group agreements between MSH or its group companies on the one hand and Media Saturn Hellas, MSGB or their subsidiaries on the other hand are terminated and finally settled. The same obligation was imposed on Olympia Group with regard to contracts between Olympia Group and its group companies on the one hand and Retail World or ITC on the other. Furthermore, the Joint Venture Agreement provides, inter alia, for certain warranties and for provisions governing certain covenants and indemnities.

Apple Service Provider Agreement

On July 14, 2020, MSD and Apple Distribution International Ltd., Cork, Ireland ("**Apple**"), concluded an agreement regarding the servicing and resale of certain products ("**Service Provider Agreement**"). This enables CECONOMY to expand its service and performance portfolio in Germany to include, inter alia, immediate repairs of defective iPhones with original Apple spare parts, thus preserving the manufacturer's warranty. MSD is also put in the position to offer services in the context of AppleCare, i.e. Apple's own warranty program.

Under the Service Provider Agreement, MSD is authorized by Apple to service hardware and software products that are manufactured, distributed, licensed or sold under an Apple owned or licensed brand ("**Apple Products**") and to sell (i) support related products branded AppleCare, (ii) new, used, remanufactured, or refurbished service

modules and parts, which Apple sells to MSD for the sole purpose of resale to an end-user as part of a non-Covered Repair (as defined below), and (iii) accessories which are peripheral to the Apple Products (such as mice and keyboards), which Apple sells to MSD for the sole purpose of resale (“**Resale Products**”), making MSD an Apple authorized service provider (“**Service Provider**”). Covered Repair means an Apple Product repair or replacement that is covered by an obligation described in Apple’s product warranty, extended service contract or certain service programs (“**Covered Repair**”). The appointment of MSD as Service Provider is non-exclusive. In particular, Apple may sell Apple Products directly to customers electronically and may open Apple retail stores and/or authorize additional Service Providers in any location, including in locations that are proximate to the stores operated under MSD.

The locations where MSD is authorized to service Apple Products is subject to Apple’s written approval. The Service Provider Agreement provides for a list of the 431 MediaMarkt and Saturn Stores operated in Germany as of the date of the Service Provider Agreement where MSD is authorized to service Apple Products. These may change from time to time subject to the provisions of the Service Provider Agreement.

Except when providing services for Covered Repairs, in which case Apple will compensate MSD, MSD will determine its own prices for Resale Products, parts and services. The Service Provider Agreement imposes certain obligations on MSD, inter alia, with respect to Apple’s intellectual property and to representations, warranties or guarantees regarding certain products and material provided by Apple. MSD is also obligated to comply with certain data privacy security requirements as well as with certain standards regarding the services provided by MSD. Furthermore, the Service Provider Agreement and its exhibits outline MSD’s authorization to use certain Apple related trademarks, service marks, trade dress, logos, taglines, slogans, product names, any other word, phrase, symbol, or design.

The Service Provider Agreement or the authorization regarding a specific location may be terminated by either party to the agreement at any time without cause on 60 days’ written notice.

Litigation

From time to time, CECONOMY is involved in administrative, legal and arbitration proceedings that arise in the ordinary course of business. Neither the Company nor any of its subsidiaries is currently involved in any litigation, arbitration or administrative proceedings relating to claims or amounts that are material to CECONOMY’s business and, to the Company’s knowledge, no such litigation, administrative proceeding or arbitration is pending or threatened.

Proceedings regarding the Company

On February 13, 2019, the Company’s shareholders’ meeting (*Hauptversammlung*) granted discharge (*Entlastung*) to the members of the Executive Board for the financial year ended September 30, 2018 under agenda item 2. Several shareholders brought an action for annulment before the regional court (*Landgericht*) of Düsseldorf, Germany, against the individual approval for the actions of the former members of the Executive Board Pieter Haas and Mark Frese. By way of a ruling dated December 17, 2019, the regional court (*Landgericht*) of Düsseldorf, Germany, dismissed the action for annulment. On January 16, 2020, all claimants have appealed (*Berufung eingelegt*) against the ruling of the higher regional court (*Landgericht*) of Düsseldorf, Germany.

In connection with the proposed Convergenta Transaction, several shareholders filed an action for rescission and for a declaration of nullity against the resolution adopted under agenda item 8. The filing of the lawsuits currently prevents the registration of the capital increases resolved under agenda item 8 in the commercial register of the Company. The Company has therefore initiated clearance proceedings under stock corporation law before the Düsseldorf Higher Regional Court (*Oberlandesgericht*). See also “—Material Agreements—Agreements with Convergenta”.

Proceedings regarding MMSRG

Actions for payment of rent and damages by FAM and Alpha Bank S.A. against Saturn Thessaloniki, Retail World and MSH

In 2010, Media Saturn Hellas concluded a lease agreement with FAM S.A., Thessaloniki, Greece (“**FAM**”), regarding the lease of a Saturn store yet to be built in Greece. Saturn Thessaloniki II Commercial S.A., Maroussi, Greece (“**Saturn Thessaloniki**”), entered into this lease agreement as tenant. The parties agreed on a waiver of termination for the first seven years of the lease agreement’s 15-year term. In 2011, Saturn Thessaloniki

terminated the lease agreement due to its own economic situation. A second, ordinary, notice of termination was declared in 2017, after the seven-year waiver of termination rights had expired, with effect from March 2018.

Following the termination, FAM and Alpha Bank S.A., Athens, Greece (“**Alpha Bank**”), have brought various legal actions against Saturn Thessaloniki, Media Saturn and MSH, as well as former managing directors of these companies, for payment of rent, declaratory judgment that the terminations were invalid, and damages, in particular for loan costs and interest that FAM paid to Alpha Bank. Various judgments in the first and second instance have already been issued and are in part legally binding. The courts determined a payment obligation of approximately €9 million (rent, moral damages, municipal charges, legal costs) and a joint obligation of MSH for this payment obligation. These legally established claims in the amount of approximately €9 million have already been paid by Media Saturn Hellas, which is now merged with Retail World.

As of the date of this Offering Memorandum, a claim for damages in the amount of approximately €4.1 million is still in dispute. In addition, an action for a declaratory judgment on the invalidity of the second ordinary termination is pending before the court of appeals. If this action is successful, an action for payment of remaining rent in the amount of €9.6 million (plus interest and costs) is expected. Hence, the aggregate estimated value of the remaining disputed claims amounts to €13.7 million. As of the date of this Offering Memorandum, the disputed claims are directed towards Saturn Thessaloniki, MSH and Retail World, the latter as legal successor of Media Saturn Hellas.

The Joint Venture Agreement (See also “—*Material Agreements—Joint Venture Agreement*”) includes an indemnification obligation of MSH towards PMG, in which MSH indirectly holds a stake of 25%, regarding any liabilities incurred by Media Saturn Hellas in connection with the aforementioned litigation. Therefore, MSH could be required to indemnify PMG in respect of the remaining disputed claims. The payment regarding the legally established claims in the amount of approximately €9 million by Media Saturn Hellas was made before the conclusion of the Joint Venture Agreement and was taken into account in the valuation of Media Saturn Hellas when Media Saturn Hellas was contributed to PMG under the Joint Venture Agreement by MSH. The indemnification obligation will expire at the end of November 29, 2022.

Action for payment of rent and damages by MEBO against Retail World and MSH

In 2010, Media Saturn Hellas concluded a lease agreement with MEBO Investment and Technical Societe Anonyme, Kifisia - Attiki, Greece (“**MEBO**”), for the lease of a store yet to be built in Greece. The agreed date of occupation of the leased property was December 31, 2010. Since no occupation of the leased property was possible until July 2011, Media Saturn Hellas informed MEBO that it would refuse the handover of the leased property as of that date. After MEBO had promised the possibility of occupation from the end of October 2011, Media Saturn Hellas gave an alternative notice of termination in November 2011.

MEBO has brought legal action for payment of rent and damages against Media Saturn Hellas and MSH. The expected value of the claim amounts to €30.1 million. Various judgments in first and second instance have already been issued. So far, the courts have not established any claims against Media Saturn Hellas or MSH. It is currently still disputed whether the contract was a fixed-date transaction and, therefore, whether the withdrawal by Media Saturn Hellas was valid. If the withdrawal by Media Saturn Hellas was invalid, MEBO could potentially demand payment of rent in the amount of approximately €2.5 million and costs in the amount of €2.4 million. In contrast, MEBO’s warranty claims and claims for damages have already been rejected by a final court decision. However, a further action for payment of rent and damages in the total amount of approximately €25.2 million is possible. As of the date of this Offering Memorandum, the disputed claims are directed towards MSH and Retail World, the latter as legal successor of Media Saturn Hellas.

Action by Flexiworld against MMEB for injunction against further distribution of Apple iPhones

Flexiworld Technologies GmbH, Munich, Germany (“**Flexiworld**”), filed an action with the regional court (*Landgericht*) of Munich against Media Markt E-Business GmbH, Ingolstadt, Germany (“**MMEB**”). Flexiworld demands, *inter alia*, an injunction against the further distribution of Apple iPhones via MMEB’s online store. The reason for the action is an alleged infringement of Flexiworld’s patents by Apple. The estimated value of the claim is €800,000.

MMEB will, in coordination with Apple, defend itself against Flexiworld’s action and will give a notice of dispute (*Streitverkündung*) to Apple in the court proceedings. Furthermore, MMEB requested indemnification from Apple with regard to the legal dispute.

Governmental proceedings with regard to misclassifying workers as independent contractors

Governmental proceedings are pending between MSH and Media Saturn IT-Service GmbH, Ingolstadt, Germany (“MSITS”), on the one hand and the German Pension Insurance (*Deutsche Rentenversicherung*) (“DRV”) on the other hand with regard to misclassifying workers as independent contractors. On March 30, 2020, MSH reported dubious status assessments and potential fictitious self-employment (*Scheinselbstständigkeit*) or unauthorized employee leasing to the authorities. This relates, in particular, to “IT freelancers” working for MSITS. The audit conducted by DRV in the second quarter of 2021 resulted in the conclusion of a contract under public law with a payment obligation to settle existing contribution claims to statutory social security. In addition, separate legal proceedings are pending with the competent German tax authority. Based on an initial analysis, the Company has made provisions in the amount of €10.3 million as of March 31, 2021 for all proceedings.

Legal proceedings by MSD regarding store closures due to the COVID-19 pandemic

Since February 22, 2021, MSD filed lawsuits in all German states (with the exception of Baden-Wuerttemberg and Thuringia) against the legal validity of the Infection Protection Ordinances currently in force, on the basis of which the physical MediaMarkt und Saturn stores in the respective states have been closed. The lawsuits for interim relief in Berlin, Saarland and North Rhine-Westphalia were partially upheld. Other lawsuits for interim relief were rejected. Further lawsuits are still pending. Three MSD and/or German market companies filed a constitutional complaint against the increased restrictions at the federal level (Section 28b of the German Infection Protection Act (*Infektionsschutzgesetz*) as amended on 22 April 2021). In addition, compensation claims or claims seeking state liability are considered. Further proceedings may be brought against various state governments, governmental districts or other public bodies. MSD has submitted applications to various public agencies (depending on the jurisdiction in each state) for compensation for market closures during the initial lock-down in spring 2020. The applications are based on compensation provisions of the German Infection Protection Act (*Infektionsschutzgesetz*). To the extent that applications have already been decided by the agencies, they have been rejected.

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

The following summary of certain provisions of the documents listed below governing certain of CECONOMY's indebtedness does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents. Unless otherwise defined in this Offering Memorandum or unless the context otherwise requires, terms defined in the agreements described below shall have the same meanings when used in this section.

Loan Agreements

Syndicated revolving credit facilities agreement

On May 12, 2020, the parties to the Credit Facilities Agreement agreed on an amendment and restatement agreement (“**Amendment Agreement**”), to further amend and restate the revolving credit facility agreement originally dated January 30, 2017 and as previously amended on May 30, 2018 (“**Previous Credit Facility Agreement**”, as amended by the Amendment Agreement, the “**Credit Facilities Agreement**”). Through the Amendment Agreement, the total loan commitments were increased to up to €2,680 million under the Credit Facilities Agreement in order to increase financial flexibility, especially in light of the risk of the COVID-19 Pandemic and further temporary store closures. For this purpose, in addition to the existing revolving credit facility (“**Facility A**”) under the Previous Credit Facility Agreement with an unchanged term until January 30, 2024, two additional revolving credit facilities with a term until December 30, 2021 (“**Facility B**”) and until June 30, 2022 (“**Facility C**”) were established.

The volume of the existing Facility A was increased to up to €625 million. Facility C amounts to up to €355 million. Facility B represents the credit line under which KfW (in accordance with the KfW Special Program “Direct Participation for Syndicated Financing” (no 855)) together with the Company’s existing partner banks provides new loan commitments of up to €1.7 billion. In return, the Company and MSH undertook to comply with the rules and conditions of the KfW program “Direct Participation for Syndicated Financing” (no 855) and to use the proceeds made available under Facility B in compliance with these rules and conditions.

The available commitments under Facility B will be reduced automatically (but not cancelled) by the principal amount of any commercial paper issued by the Company or any group company of CECONOMY for as long as such commercial paper remains outstanding. As long as any utilization of Facility B is outstanding, Facility A and Facility C must be utilized by at least 90% each.

With regard to the term of Facility B, there is an option of the borrowers to extend the term of Facility B by one year until December 30, 2022 provided that KfW or any other state lender is a lender under Facility B at that point in time. The extension is subject to the consent of KfW or the relevant state lender and given at their sole discretion. If KfW or the relevant state lender consent, the term of Facility B and the term of Facility C are both automatically extended by one year until June 30, 2023. If neither KfW nor any other state lender are a lender under Facility B at such point in time, the Company may only request an extension of Facility C. Each individual lender may decide in its sole discretion whether it accepts such extension request.

The interest to be paid under the Credit Facilities Agreement is the aggregate of a margin, which will depend on the long-term credit rating assigned to the Company, and the applicable EURIBOR rate.

Pursuant to the Amendment Agreement, MSH joined the Credit Facilities Agreement as an additional borrower alongside the Company. The Company guaranteed to each lender to pay any amounts of principal, interest, costs and others that have not been fully paid by MSH under the Credit Facilities Agreement and the other finance documents. As of the date of this Offering Memorandum, no loans are utilized under the Credit Facilities Agreement.

The Credit Facilities Agreement provides for various mandatory prepayment events. In the event of a change of control over the Company as a result of the (direct or indirect) acquisition of control by a single person or a group of persons acting in concert and the loss of the joint control of Dr Michael Schmidt-Ruthenbeck and the shareholders of Franz Haniel & Cie. GmbH and their relatives (as defined in Section 1589 BGB and any associated trust or foundation (*Stiftung*), any lender may cancel its commitment and request repayment of outstanding loans. The Credit Facilities Agreement also stipulates that all commitments shall be automatically cancelled and all outstanding advances shall be immediately due and payable if the Company’s shareholders’ meeting (*Hauptversammlung*) adopts a resolution pursuant to which the Company (i) will pay a dividend (other than the minimum dividend which the Company is obliged to pay in accordance with Section 254 AktG) or (ii) buy back any of its own shares, in each case before Facility B has been repaid and cancelled in full. In addition, the Credit Facilities Agreement stipulates prepayment obligations (subject to, as the case may be, certain thresholds and

exceptions) resulting from a disposal of assets, receipt of proceeds under asset-backed security programs, capital market or commercial paper issuances and certain state aid programs by any member of CECONOMY.

The Credit Facilities Agreement also stipulates a financial covenant relating to the ratio of consolidated net debt to EBITDA, a limitation on the incurrence of indebtedness of the Company's subsidiaries and restrictions in connection with certain disposals by subsidiaries of the Company and debt buy-backs by the Company or MSH. Furthermore, the Company and MSH are restricted to incur any new debt financing with a better yield than the yield applicable to Facility B until any outstanding amounts under the Facility B are repaid or unless, prior to the incurrence of such new debt financing, better terms reflecting such yield accordingly were offered to the Facility B lenders.

ESG linked revolving credit facilities agreement

On May 6, 2021, CECONOMY entered into an ESG-linked syndicated revolving credit facilities agreement (the “**ESG Credit Facility Agreement**”) amounting up to €1.06 billion. The new facilities are split into a five-year tranche with a volume of €707 million and a three-year tranche with a volume of €353 million in order to diversify the maturity profile. The new syndicated revolving credit facilities are intended to replace the Credit Facilities Agreement, including the KfW Facility.

The ESG Credit Facility Agreement will become effective upon termination of the facilities under the Credit Facilities Agreement at the sole discretion of CECONOMY. Interest on the ESG Credit Facilities Agreement is linked to three ESG targets: compliance with certain CO2 reduction requirements, number of sustainable products in the assortment and female share in management positions.

The longstop date for effectiveness of the ESG Credit Facility Agreement is November 2021, by which time the committed credit lines under the new syndicated revolving credit facility will have expired. In this event, however, it is assumed that CECONOMY AG would seek to extend the existing facility with the involvement of KfW for another year on the basis of the market situation still being significantly impacted by COVID-19.

Promissory notes (Schuldscheindarlehen)

On March 16, 2017, the Company as borrower (operating as METRO AG at the time) has entered into various fixed rate and floating rate promissory note agreements (*Schuldscheindarlehensverträge*) with Landesbank Hessen-Thüringen Girozentrale, Frankfurt am Main, Germany, as lender. As of March 31, 2021, the following promissory notes (*Schuldscheindarlehen*) with an aggregate principal amount of €250 million were outstanding:

Nominal amount	Interest	Term	Maturity date
€120 million	1.158% p.a. (fixed rate)	Five years	March 22, 2022
€69 million	6-M-EURIBOR + 0.900% p.a. (floating rate)	Five years	March 22, 2022
€28 million	1.462% (fixed rate)	Seven years	March 22, 2024
€21.5 million	6-M-EURIBOR + 0.950% (floating rate)	Seven years	March 22, 2024
€11.5 million	1.956% (fixed rate)	Ten years	March 22, 2027

Euro commercial paper program

Pursuant to a dealer agreement dated April 24, 2018 between the Company as issuer and various domestic and international banks as dealers, the Company may issue, from time to time, commercial papers (*Schuldverschreibungen*) with a maturity of not more than 364 days in an aggregate amount of up to €500 million. Such commercial papers can be denominated in Euros, certain other specified currencies, or any other currency agreed between the issuer and the respective dealer. The commercial papers will be issued with a denomination of €100,000 each or such other conventionally and legally accepted denomination for commercial paper in the relevant currency or currency unit and will be issued in series, each in an aggregate principal amount of not less than €2,500,000 or the equivalent thereof. As of March 31, 2021, commercial paper in a total amount of €65 million was issued and outstanding.

TERMS AND CONDITIONS OF THE NOTES

Diese Anleihebedingungen (die „Anleihebedingungen“) sind in deutscher Sprache abgefasst und mit einer englischen Übersetzung versehen. Der deutsche Wortlaut ist rechtsverbindlich. Die englische Übersetzung dient nur zur Information.

These terms and conditions of the Notes (the “Terms and Conditions”) are written in the German language and provided with an English language translation. The German text shall be the legally binding version. The English language translation is provided for convenience only.

ANLEIHEBEDINGUNGEN

TERMS AND CONDITIONS

§ 1

WÄHRUNG, NENNBETRAG, FORM, BESTIMMTE DEFINITIONEN

§ 1

CURRENCY, PRINCIPAL AMOUNT, FORM, CERTAIN DEFINITIONS

- (1) *Währung; Nennbetrag.* Die Anleihe der CECONOMY AG (die „**Emittentin**“), begeben im Gesamtnennbetrag (vorbehaltlich § 1(6)) von EUR 500.000.000 ist eingeteilt in 5.000 unter sich gleichrangige Schuldverschreibungen im Nennbetrag von je EUR 100.000 (die „**Festgelegte Stückelung**“) (für die Zwecke dieser Anleihebedingungen, die „**Schuldverschreibungen**“).
- (2) *Form.* Die Schuldverschreibungen lauten auf den Inhaber.
- (3) *Vorläufige Globalurkunde – Austausch.*
- (a) Die Schuldverschreibungen sind anfänglich durch eine vorläufige Globalurkunde (die „**vorläufige Globalurkunde**“) ohne Zinsscheine verbrieft. Die vorläufige Globalurkunde wird gegen Schuldverschreibungen in der Festgelegten Stückelung, die durch eine Dauerglobalurkunde (die „**Dauerglobalurkunde**“) ohne Zinsscheine verbrieft sind, ausgetauscht. Die vorläufige Globalurkunde und die Dauerglobalurkunde tragen jeweils die Unterschriften ordnungsgemäß bevollmächtigter Vertreter der Emittentin und sind jeweils von der Hauptzahlstelle oder in dessen Namen mit einer Kontrollunterschrift versehen. Einzelurkunden und Zinsscheine werden nicht ausgegeben.
- (b) Die vorläufige Globalurkunde wird frühestens an einem Tag gegen die Dauerglobalurkunde austauschbar, der 40 Tage nach dem Tag der Begebung der durch die vorläufige Globalurkunde verbrieften Schuldverschreibungen liegt. Ein solcher Austausch darf nur nach Vorlage von Bescheinigungen gemäß U.S. Steuerrecht erfolgen, wonach der oder die wirtschaftlichen Eigentümer der durch die vorläufige Globalurkunde verbrieften Schuldverschreibungen keine U.S.-Personen sind (ausgenommen bestimmte Finanzinstitute oder bestimmte Personen, die Schuldverschreibungen über solche

- (1) *Currency; Principal Amount.* The issue by CECONOMY AG (the “**Issuer**”) issued in the aggregate principal amount, subject to § 1(6) of EUR 500,000,000 is divided into 5,000 notes in the principal amount of EUR 100,000 each (the “**Specified Denomination**”) and ranking *pari passu* with each other (for the purposes of these Terms and Conditions, the “**Notes**”).
- (2) *Form.* The Notes are being issued in bearer form.
- (3) *Temporary Global Note – Exchange.*
- (a) The Notes are initially represented by a temporary global note (the “**Temporary Global Note**”) without coupons. The Temporary Global Note will be exchangeable for Notes in the Specified Denomination represented by a permanent global note (the “**Permanent Global Note**”) without coupons. The Temporary Global Note and the Permanent Global Note shall each be signed by authorized signatories of the Issuer and shall each be authenticated by or on behalf of the Principal Paying Agent. Definitive Notes and interest coupons will not be issued.
- (b) The Temporary Global Note shall be exchangeable for the Permanent Global Note from a date 40 days after the date of issue of the Notes represented by the Temporary Global Note. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is not a U.S. person (other than certain financial institutions or certain persons holding Notes through such financial institutions) as required by U.S. tax law. Payment of interest on Notes represented by a Temporary Global Note will be made only after delivery of such certifications.

Finanzinstitute halten). Zinszahlungen auf durch eine vorläufige Globalurkunde verbrieft Schuldverschreibungen erfolgen erst nach Vorlage solcher Bescheinigungen. Eine gesonderte Bescheinigung ist für jede solche Zinszahlung erforderlich. Jede Bescheinigung, die am oder nach dem 40. Tag nach dem Tag der Ausgabe der durch die vorläufige Globalurkunde verbrieften Schuldverschreibungen eingeht, wird als ein Ersuchen behandelt werden, diese vorläufige Globalurkunde gemäß diesem § 1(3)(b) auszutauschen. Wertpapiere, die im Austausch für die vorläufige Globalurkunde geliefert werden, dürfen nur außerhalb der Vereinigten Staaten (wie in § 6(2) definiert) geliefert werden.

(4) *Clearing System.* Die Globalurkunde, die die Schuldverschreibung verbrieft, wird von einem oder für ein Clearing Systems verwahrt. „**Clearing System**“ bedeutet jeweils folgendes: Clearstream Banking S.A. (42 Avenue JF Kennedy, 1855 Luxemburg, Luxemburg) („**CBL**“) und Euroclear Bank SA/NV (Boulevard du Roi Albert II, 1210 Brussels, Belgien) („**Euroclear**“) (CBL und Euroclear jeweils ein „**ICSD**“ und zusammen die „**ICSDs**“) sowie jeder Funktionsnachfolger.

Die Schuldverschreibungen werden in Form einer New Global Note („**NGN**“) ausgegeben und von einem common safekeeper im Namen beider ICSDs verwahrt.

(5) *Anleihegläubiger.* „**Anleihegläubiger**“ bezeichnet jeden Inhaber eines Miteigentumsanteils oder anderen vergleichbaren Rechts an den Schuldverschreibungen.

(6) *Register der ICSDs.* Der Gesamtnennbetrag der durch die Globalurkunde verbrieften Schuldverschreibungen entspricht dem jeweils in den Registern beider ICSDs eingetragenen Gesamtbetrag. Die Register der ICSDs (unter denen die Register zu verstehen sind, die jeder ICSD für seine Kunden über den Betrag ihres Anteils an den Schuldverschreibungen führt) sind maßgeblicher Nachweis des Gesamtnennbetrages der durch die Globalurkunde verbrieften Schuldverschreibungen, und eine für zu diesem Zweck von einem ICSD jeweils ausgestellte Bescheinigung mit dem Betrag der so verbrieften Schuldverschreibungen ist maßgebliche Bescheinigung des Inhalts des Registers des betreffenden ICSD zu dem fraglichen Zeitpunkt.

Bei jeder Rückzahlung oder einer Zinszahlung auf die durch die Globalurkunde verbrieften Schuldverschreibungen bzw. beim Kauf und der Entwertung der durch die Globalurkunde verbrieften Schuldverschreibungen stellt die Emittentin sicher, dass die Einzelheiten der Rückzahlung, Zahlung oder des Kaufs und der Entwertung bezüglich der Globalurkunde entsprechend in die Unterlagen der ICSDs eingetragen werden, und dass nach dieser

A separate certification shall be required in respect of each such payment of interest. Any such certification received on or after the 40th day after the date of issue of the Notes represented by the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to this § 1(3)(b). Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in § 6(2)).

(4) *Clearing System.* The global note representing the Notes will be kept in custody by or on behalf of the Clearing System. „**Clearing System**“ means each of the following: Clearstream Banking S.A. (42 Avenue JF Kennedy, 1855 Luxembourg, Luxembourg) („**CBL**“) and Euroclear Bank SA/NV (Boulevard du Roi Albert II, 1210 Brussels, Belgium) („**Euroclear**“) (CBL and Euroclear each an „**ICSD**“ and together the „**ICSDs**“) and any successor in such capacity.

The Notes are issued in new global note („**NGN**“) form and are kept in custody by a common safekeeper on behalf of both ICSDs.

(5) *Noteholder.* „**Noteholder**“ means any holder of a proportionate co-ownership or other beneficial interest or right in the Notes.

(6) *Records of the ICSDs.* The aggregate principal amount of Notes represented by the global note shall be the aggregate amount from time to time entered in the records of both ICSDs. The records of the ICSDs (which expression means the records that each ICSD holds for its customers which reflect the amount of such customer's interest in the Notes) shall be conclusive evidence of the aggregate principal amount of Notes represented by the global note and, for these purposes, a statement issued by a ICSD stating the amount of Notes so represented at any time shall be conclusive evidence of the records of the relevant ICSD at that time.

On any redemption or payment of interest being made in respect of, or purchase and cancellation of, any of the Notes represented by the global note the Issuer shall procure that details of any redemption, payment or purchase and cancellation (as the case may be) in respect of the global note shall be entered accordingly in the records of the ICSDs and, upon any such entry being made, the aggregate principal amount of the Notes recorded in the records of the ICSDs and

Eintragung vom Gesamtnennbetrag der in die Register der ICSDs aufgenommenen und durch die Globalurkunde verbrieften Schuldverschreibungen der Gesamtnennbetrag der zurückgekauften bzw. gekauften und entwerteten Schuldverschreibungen abgezogen wird.

Bei Austausch nur eines Teils von Schuldverschreibungen, die durch eine vorläufige Globalurkunde verbrieft sind, wird die Emittentin sicherstellen, dass die Einzelheiten dieses Austauschs entsprechend in die Register der ICSDs aufgenommen werden

§ 2 STATUS UND NEGATIVVERPFLICHTUNG

(1) *Status.* Die Verpflichtungen aus den Schuldverschreibungen begründen nicht nachrangige und nicht besicherte Verbindlichkeiten der Emittentin, die untereinander gleichrangig sind. Im Falle der Insolvenz oder Liquidation der Emittentin sind die Verbindlichkeiten der Emittentin unter den Schuldverschreibungen mindestens gleichrangig mit allen sonstigen gegenwärtigen und zukünftigen nicht nachrangigen und nicht besicherten Verpflichtungen der Emittentin, mit Ausnahme solcher Verpflichtungen, die nach anwendbarem Recht vorrangig sein können.

(2) *Negativverpflichtung.* Solange Schuldverschreibungen ausstehen, jedoch nur bis zu dem Zeitpunkt, an dem alle Beträge an Kapital und Zinsen gemäß dieser Anleihebedingungen dem Clearing System zur Verfügung gestellt worden sind, verpflichtet sich die Emittentin,

- (a) keine Grund- und Mobiliarpfandrechte, sonstige Pfandrechte oder dingliche Sicherheiten oder sonstige Sicherungsrechte (zusammen „**Sicherungsrechte**“) in Bezug auf ihr gesamtes gegenwärtiges oder zukünftiges Vermögen oder Teile davon zur Sicherung von gegenwärtigen oder zukünftigen Kapitalmarktverbindlichkeiten, einschließlich diesbezüglicher Garantien oder Freistellungsansprüche, zu gewähren oder bestehen zu lassen; und
- (b) ihre Materiellen Tochtergesellschaften zu veranlassen (soweit rechtlich möglich und zulässig), keine Sicherungsrechte in Bezug auf deren gesamtes gegenwärtiges oder zukünftiges Vermögen oder Teile davon zur Sicherung von gegenwärtigen oder zukünftigen Kapitalmarktverbindlichkeiten, einschließlich diesbezüglicher Garantien oder Freistellungsansprüche, zu gewähren oder bestehen zu lassen,

ohne gleichzeitig die Anleihegläubiger in gleicher Weise und anteilig an einem solchen Sicherungsrecht zu beteiligen oder ihnen ein gleichwertiges

represented by the global note shall be reduced by the aggregate principal amount of the Notes so redeemed or purchased and cancelled.

On an exchange of a portion only of the Notes represented by a Temporary Global Note, the Issuer shall procure that details of such exchange shall be entered accordingly in the records of the ICSDs.

§ 2 STATUS AND NEGATIVE PLEDGE

(1) *Status.* The obligations under the Notes constitute unsubordinated and unsecured obligations of the Issuer which rank *pari passu* among themselves. In the insolvency or liquidation of the Issuer, the obligations of the Issuer under the Notes rank at least *pari passu* with all other present and future unsubordinated and unsecured obligations of the Issuer, save for such obligations which may be preferred by applicable law.

(2) *Negative Pledge.* So long as any of the Notes remain outstanding, but only up to the time all amounts of principal and interest payable in accordance with these Terms and Conditions have been placed at the disposal of the Clearing System, the Issuer undertakes

- (a) not to provide or permit to subsist any mortgage, charge, pledge or other security interest in rem (together “**Security Interests**”) over any or all of its present or future assets, as security for any present or future Capital Market Indebtedness, including any guarantee or indemnity in respect of such Capital Market Indebtedness; and
- (b) shall procure (to the extent legally possible and permissible) that none of its Material Subsidiaries will provide or permit to subsist any Security Interests over any or all of such Material Subsidiary’s present or future assets, as security for any present or future Capital Market Indebtedness, including any guarantee or indemnity in respect of such Capital Market Indebtedness,

without at the same time having the Noteholders share equally and rateably in such security or such other

Sicherungsrecht zu gewähren, das von einem unabhängigen Sachverständigen als gleichwertiges Sicherungsrecht eingestuft wird.

Die Verpflichtung gemäß Satz 1 dieses § 2(2) gilt jedoch nicht für ein Sicherungsrecht, welches (i) nach anwendbarem Recht zwingend vorgeschrieben ist, (ii) als Voraussetzung für behördliche Genehmigungen erforderlich ist, (iii) von einer Tochtergesellschaft über alle Ansprüche dieser Tochtergesellschaft gegen die Emittentin oder eine ihrer Tochtergesellschaften bestellt wird, wenn es gegenwärtig besteht oder zu einem beliebigen Zeitpunkt in der Zukunft aufgrund der Weitergabe der Erlöse aus dem Verkauf von Schuldverschreibungen durch diese Tochtergesellschaft entsteht, (iv) über Vermögensgegenstände einer Tochtergesellschaft der Emittentin, die erst nach dem Begebungstag zu einer Tochtergesellschaft der Emittentin wurde, gewährt wurde, vorausgesetzt, dass die Sicherheit nicht im Zusammenhang mit dem Erwerb der Tochtergesellschaft begründet wurde, (v) bereits am Begebungstag bestand, (vi) eine im Zeitpunkt einer Akquisition bestehende Kapitalmarktverbindlichkeit besichert, die infolge der Akquisition eine Verpflichtung der Emittentin wird, vorausgesetzt, dass die Sicherheit nicht im Zusammenhang mit der Akquisition begründet wurde; oder (vii) eine Erneuerung, Verlängerung oder Ersetzung einer Sicherheit gemäß vorstehender Ziffern (i) bis (vi) darstellt, vorausgesetzt, dass die Kapitalmarktverbindlichkeit in ihrem Nennbetrag nicht erhöht wird.

Für Zwecke dieses § 2 bezeichnet „**Kapitalmarktverbindlichkeit**“ jede bestehende oder zukünftige Verbindlichkeit der Emittentin oder einer Materiellen Tochtergesellschaft bezüglich Geldaufnahmen in Form von, oder verbrieft durch, Schuldverschreibungen oder ähnliche Wertpapiere, soweit sie an einer Börse oder einem anderen anerkannten Wertpapiermarkt notiert oder gehandelt werden können, oder Namensschuldverschreibungen oder in Form von Schuldscheindarlehen nach deutschem Recht.

„**Materielle Tochtergesellschaft**“ bedeutet jede der größten Tochtergesellschaften der Emittentin, deren Gesamtumsatz (oder im Falle einer Tochtergesellschaft mit eigenen Tochtergesellschaften deren konsolidierter Umsatz) nicht weniger als 80% des konsolidierten Umsatzes der Emittentin ausmacht, basierend auf dem letzten jährlichen Konzernabschluss der Emittentin.

„**Tochtergesellschaft**“ bedeutet jede Körperschaft, Personengesellschaft oder sonstige Gesellschaft, an der die Emittentin direkt oder indirekt insgesamt mehr als 50% des Kapitals oder der Stimmrechte hält, oder die im Konzernabschluss der Emittentin voll konsolidiert werden muss.

security as shall be approved by an independent expert as being equivalent security.

The undertaking pursuant to sentence 1 of this § 2(2) shall not apply to any security which is (i) mandatory according to applicable laws, (ii) required as a prerequisite for governmental approvals, (iii) which is provided by a Subsidiary over any claims of such Subsidiary against the Issuer or any of its Subsidiaries, which claims exist now or arise at any time in the future, as a result of the passing on of the proceeds from the sale by such Subsidiary of any Notes, (iv) was granted over assets of a Subsidiary of the Issuer that becomes a Subsidiary only after the issue date, provided that the security was not created in anticipation of the acquisition of the Subsidiary, (v) existed on the issue date, (vi) secures Capital Market Indebtedness existing at the time of an acquisition that becomes an obligation of the Issuer as a consequence of such acquisition, provided that the security was not created in anticipation of the acquisition, or (vii) constitutes the renewal, extension or replacement of any security pursuant to the foregoing (i) through (vi), provided that the principal amount of the Capital Market Indebtedness is not increased.

For the purposes of this § 2, “**Capital Market Indebtedness**” means any present or future obligation of the Issuer or any Material Subsidiary for the payment of borrowed money which is in the form of, or represented by, debt securities or similar securities which are capable of being quoted, listed, dealt in or traded on a stock exchange or another recognized securities market, or registered bonds or in the form of Schuldschein loans governed by German law.

“**Material Subsidiary**” means any of the largest Subsidiaries of the Issuer, whose aggregate turnover (*Umsatz*) (or, in the case of a Subsidiary which itself has Subsidiaries, whose consolidated turnover) represents not less than 80% of the consolidated turnover of the Issuer, as determined from the most recent annual (consolidated) financial statements of the Issuer.

“**Subsidiary**” means any corporation, partnership or other enterprise in which the Issuer directly or indirectly holds in the aggregate more than 50% of the capital or the voting rights or which is required to be fully consolidated in the Issuer’s consolidated financial statements.

(3) *Bestellung von Sicherheiten.* Entsteht für die Emittentin eine Verpflichtung zur Besicherung der Schuldverschreibungen gemäß dieses § 2, so ist die Emittentin berechtigt, diese Verpflichtung dadurch zu erfüllen, dass sie eine Sicherheit an dem jeweiligen Sicherungsgegenstand zugunsten eines Sicherheitentreuhänders bestellt, und zwar in einer Weise, dass der Sicherheitentreuhänder diesen Sicherungsgegenstand dinglich oder, falls rechtlich nicht möglich, aufgrund schuldrechtlicher Vereinbarung gleichrangig zugunsten der Gläubiger der Schuldverschreibungen und der Gläubiger derjenigen Kapitalmarktverbindlichkeit hält, die aufgrund der Besicherung zur Bestellung dieser Sicherheit an dem betreffenden Sicherungsgegenstand führte.

§ 3 ZINSEN

(1) *Zinssatz und Zinszahlungstage.* Die Schuldverschreibungen werden bezogen auf ihren Nennbetrag verzinst, und zwar ab dem 24. Juni 2021 (einschließlich) (der „**Zinslaufbeginn**“) mit jährlich 1,750%. Die Zinsen sind nachträglich am 24. Juni eines jeden Jahres zu zahlen (jeweils ein „**Zinszahlungstag**“). Die erste Zinszahlung erfolgt am 24. Juni 2022.

(2) *Auflaufende Zinsen.* Falls die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlöst, erfolgt die Verzinsung der Schuldverschreibungen vom Tag der Fälligkeit bis zum Tag der tatsächlichen Rückzahlung der Schuldverschreibungen in Höhe des gesetzlich festgelegten Satzes für Verzugszinsen. Der gesetzliche Verzugszinssatz beträgt für das Jahr fünf Prozentpunkte über dem von der Deutsche Bundesbank von Zeit zu Zeit veröffentlichten Basiszinssatz, §§ 288 Absatz 1, 247 Absatz 1 BGB.

(3) *Berechnung der Zinsen für Teile von Zeiträumen.* Sofern Zinsen für einen Zeitraum, der gleich lang, oder kürzer als eine Zinsperiode ist, entspricht der zu verwendende „**Zinstagequotient**“ der tatsächlichen Anzahl von Tagen im jeweiligen Zeitraum, berechnet ab dem Datum, ab dem die Zinsen auflaufen (einschließlich), bis zu dem Datum, an dem sie fällig werden (ausschließlich), dividiert durch die tatsächliche Anzahl von Tagen in der Zinsperiode, in welche der jeweilige Zeitraum fällt (einschließlich des ersten jedoch ausschließlich des letzten solchen Tages).

„**Zinsperiode**“ bezeichnet jeden Zeitraum ab dem Zinslaufbeginn (einschließlich) bis zum ersten Zinszahlungstag (ausschließlich) und nachfolgend ab jedem Zinszahlungstag (einschließlich) bis zu dem jeweils nächstfolgenden Zinszahlungstag (ausschließlich).

(3) *Provision of Security.* Whenever the Issuer becomes obligated to secure the Notes pursuant to this § 2, the Issuer shall be entitled to discharge such obligation by providing a security interest in the relevant collateral to a security trustee, such security trustee to hold such collateral and the security interest that gave rise to the creation of such collateral, equally, for the benefit of the Holders and the holders of the Capital Market Indebtedness secured by the security interest that gave rise to the creation of such security interest in such collateral, such equal rank to be created *in rem* or, if impossible to create *in rem*, contractually.

§ 3 INTEREST

(1) *Rate of Interest and Interest Payment Dates.* The Notes shall bear interest on their principal amount at the rate of 1.750% *per annum* from and including June 24, 2021 (the “**Interest Commencement Date**”). Interest shall be payable in arrears on June 24 in each year (each such date, an “**Interest Payment Date**”). The first payment of interest shall be made on June 24, 2022.

(2) *Accrual of Interest.* If the Issuer shall fail to redeem the Notes when due, interest shall continue to accrue beyond the due date until the actual redemption of the Notes at the default rate of interest established by law. The default rate of interest established by law is five percentage points above the basic rate of interest published by Deutsche Bundesbank from time to time; §§ 288(1), 247(1) German Civil Code (*Bürgerliches Gesetzbuch, BGB*).

(3) *Calculation of Interest for Partial Periods.* Where interest is to be calculated for a period which is equal to or shorter than an Interest Period, the “**Day Count Fraction**” used will be the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the actual number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last).

“**Interest Period**” means each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and thereafter from and including each Interest Payment Date to but excluding the next following Interest Payment Date.

§ 4 ZAHLUNGEN

(1) *Zahlungen auf Kapital und von Zinsen.* Zahlungen von Kapital und Zinsen in Bezug auf die Schuldverschreibungen erfolgen nach Maßgabe von § 4(2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems.

Die Zahlung von Zinsen auf Schuldverschreibungen, die durch die vorläufige Globalurkunde verbrieft sind, erfolgt nach Maßgabe von § 4(2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems, und zwar nach ordnungsgemäßer Bescheinigung gemäß § 1(3)(b).

(2) *Zahlungsweise.* Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften erfolgen zu leistende Zahlungen auf die Schuldverschreibungen in Euro.

(3) *Erfüllung.* Die Emittentin wird durch Leistung der Zahlung an das Clearing System oder dessen Order von ihrer Zahlungspflicht befreit.

(4) *Geschäftstag.* Fällt der Fälligkeitstag einer Zahlung in Bezug auf eine Schuldverschreibung auf einen Tag, der kein Geschäftstag ist, dann hat der Anleihegläubiger keinen Anspruch auf Zahlung vor dem nächsten Tag, der ein Geschäftstag ist. Der Anleihegläubiger ist nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund dieser Verspätung zu verlangen.

Für diese Zwecke bezeichnet „**Geschäftstag**“ einen Tag, der ein Tag (außer einem Samstag oder Sonntag) ist, an dem das Clearing System sowie alle betroffenen Bereiche des Trans-European Automated Real-time Gross settlement Express Transfer system 2 (TARGET2) („**TARGET**“) betriebsbereit sind, um die betreffenden Zahlungen weiterzuleiten.

(5) *Bezugnahmen auf Kapital und Zinsen.* Bezugnahmen in diesen Anleihebedingungen auf Kapital der Schuldverschreibungen schließen, soweit anwendbar, die folgenden Beträge ein: den Wahl-Rückzahlungsbetrag (Put), den Make-Whole Rückzahlungsbetrag; sämtliche gemäß § 7 zahlbaren Zusätzlichen Beträge; sowie sonstige auf oder in Bezug auf die Schuldverschreibungen zahlbaren Beträge. Bezugnahmen in diesen Anleihebedingungen auf Zinsen auf die Schuldverschreibungen schließen, soweit anwendbar, sämtliche gemäß § 7 zahlbaren Zusätzlichen Beträge ein.

§ 5 RÜCKZAHLUNG

(1) *Rückzahlung bei Endfälligkeit.* Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder

§ 4 PAYMENTS

(1) *Payment of Principal and Interest.* Payment of principal and interest in respect of Notes shall be made, subject to § 4(2) below, to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System.

Payment of interest on Notes represented by the Temporary Global Note shall be made, subject to § 4(2), to the Clearing System or to its order for credit to the relevant account holders of the Clearing System, upon due certification as provided in § 1(3)(b).

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in euro.

(3) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Clearing System.

(4) *Business Day.* If the date for payment of any amount in respect of any Note is not a Business Day, the Noteholder shall not be entitled to payment until the next day that is a Business Day. The Noteholder shall not be entitled to further interest or other payment in respect of such delay.

For these purposes, “**Business Day**” means any day which is a day (other than a Saturday or a Sunday) on which the Clearing System as well as all relevant parts of the Trans-European Automated Real-time Gross settlement Express Transfer system 2 (TARGET2) (“**TARGET**“) are operational to forward the relevant payment.

(5) *References to Principal and Interest.* References in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable: the Put Redemption Amount, the Make-Whole Redemption Amount; any Additional Amounts which may be payable under § 7; and any other amounts which may be payable under or in respect of the Notes. References in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable under § 7.

§ 5 REDEMPTION

(1) *Final Redemption.* Unless previously redeemed in whole or in part or purchased and

angekauft und entwertet, werden die Schuldverschreibungen zu ihrer Festgelegten Stückelung am 24. Juni 2026 (der „Fälligkeitstag“) zurückgezahlt.

(2) *Vorzeitige Rückzahlung aus steuerlichen Gründen.* Wenn die Emittentin als Folge einer Änderung oder Ergänzung der Steuer- oder Abgabengesetze und -vorschriften der Bundesrepublik Deutschland oder deren politischen Untergliederungen oder Steuerbehörden oder als Folge einer Änderung oder Ergänzung der Anwendung oder der offiziellen Auslegung dieser Gesetze und Vorschriften (vorausgesetzt, diese Änderung oder Ergänzung wird am oder nach dem Tag, an dem die letzte Tranche dieser Serie von Schuldverschreibungen begeben wird, wirksam) oder aufgrund einer Änderung des § 7 gemäß § 10(3) am nächstfolgenden Zinszahlungstag (wie in § 3(1) definiert) zur Zahlung von Zusätzlichen Beträgen (wie in § 7 dieser Bedingungen definiert) verpflichtet sein wird und diese Verpflichtung nicht durch das Ergreifen angemessener, der Emittentin zur Verfügung stehender Maßnahmen vermieden werden kann, ist die Emittentin berechtigt, durch Kündigungserklärung unter Einhaltung einer Frist von nicht weniger als 30 und nicht mehr als 60 Tagen die ausstehenden Schuldverschreibungen (insgesamt und nicht nur teilweise) jederzeit mit Wirkung zu dem in der Kündigungserklärung festgelegten Rückzahlungstag zur vorzeitigen Rückzahlung zu kündigen. Wenn die Emittentin ihr Kündigungsrecht gemäß Satz 1 ausübt, ist die Emittentin verpflichtet, die Schuldverschreibungen an dem in der Kündigungserklärung festgelegten Rückzahlungstag zu ihrer Festgelegten Stückelung nebst etwaigen bis zu dem festgelegten Rückzahlungstag aufgelaufenen Zinsen zurückzahlen.

Eine solche Kündigung darf allerdings nicht (i) früher als 90 Tage vor dem frühestmöglichen Termin erfolgen, an dem die Emittentin verpflichtet wäre, solche Zusätzlichen Beträge zu zahlen, falls eine Zahlung auf die Schuldverschreibungen dann fällig sein würde, oder (ii) erfolgen, wenn zu dem Zeitpunkt, zu dem die Kündigung erfolgt, die Verpflichtung zur Zahlung von Zusätzlichen Beträgen nicht mehr wirksam ist.

Eine solche Kündigung hat gemäß § 13 zu erfolgen. Sie ist unwiderruflich, muss den für die Rückzahlung festgelegten Termin nennen und eine zusammenfassende Erklärung enthalten, welche die das Rückzahlungsrecht der Emittentin begründenden Umstände darlegt.

(3) *Vorzeitige Rückzahlung aufgrund eines Kontrollwechsels.* Tritt ein Kontrollwechsel-Ereignis ein, hat jeder Anleihegläubiger das Recht (sofern nicht die Emittentin, bevor die nachstehend beschriebene Kontrollwechsel-Ereignis-Mitteilung erfolgt ist, die Rückzahlung der Schuldverschreibungen nach § 5(2) angezeigt hat), die Rückzahlung seiner

cancelled, the Notes shall be redeemed at their Specified Denomination on June 24, 2026 (the “Maturity Date”).

(2) *Early Redemption for Reasons of Taxation.* If as a result of any change in, or amendment to, the laws or regulations of the Federal Republic of Germany or any political subdivision or taxing authority thereto or therein affecting taxation or the obligation to pay duties of any kind, or any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change is effective on or after the date on which the last tranche of this series of Notes was issued or due to an amendment of § 7 pursuant to § 10(3), the Issuer is required to pay Additional Amounts (as defined in § 7 herein) on the next succeeding Interest Payment Date (as defined in § 3(1)), and this obligation cannot be avoided by the use of reasonable measures available to the Issuer, the Issuer may, upon giving not less than 30 and not more than 60 days prior notice of redemption, call the outstanding Notes for early redemption (in whole but not in part) at any time with effect as of the redemption date specified in the notice. If the Issuer exercises its call right in accordance with sentence 1, the Issuer shall redeem the Notes at their Specified Denomination together with accrued interest, if any, to but excluding the specified redemption date on the redemption date specified in the notice.

However, no such notice of redemption may be given (i) earlier than 90 days prior to the earliest date on which the Issuer would be obligated to pay such Additional Amounts were a payment in respect of the Notes then due, or (ii) if at the time such notice is given, such obligation to pay such Additional Amounts does not remain in effect.

Any such notice shall be given in accordance with § 13. It shall be irrevocable, must specify the date fixed for redemption and must set forth a statement in summary form of the facts constituting the basis for the right of the Issuer so to redeem.

(3) *Early Redemption due to a Change of Control.* If a Change of Control Event occurs, each Noteholder will have the option (unless, prior to the giving of the Change of Control Event Notification referred to below, the Issuer gives notice to redeem the Notes in accordance with § 5(2)) to require the Issuer to redeem the Notes of such Noteholder at the Put

Schuldverschreibungen durch die Emittentin zum Wahl-Rückzahlungsbetrag (Put) bis zu dem Tag zu verlangen, der 60 Tage nach der Veröffentlichung einer Kontrollwechsel-Ereignis-Mitteilung liegt (**„Vorzeitiger Rückzahlungstag“**).

Die Emittentin wird die Anleihegläubiger von einem Kontrollwechsel-Ereignis und von dem Tag, an dem dieses Kontrollwechsel-Ereignis eingetreten ist, in Kenntnis setzen (eine **„Kontrollwechsel-Ereignis-Mitteilung“**), sobald dies nach Kenntniserlangung praktikabel ist.

Zur Ausübung dieses Wahlrechts muss der Anleihegläubiger eine ordnungsgemäß ausgefüllte Ausübungserklärung in Textform oder schriftlich bei der angegebenen Niederlassung der Hauptzahlstelle einreichen (die **„Ausübungserklärung“**). Eine solche Ausübungserklärung muss der Hauptzahlstelle während der normalen Geschäftsstunden innerhalb eines Zeitraums von 15 Tagen, nachdem die Kontrollwechsel-Ereignis-Mitteilung veröffentlicht wurde, übermittelt werden. Ein so ausgeübtes Wahlrecht kann nicht ohne vorherige Zustimmung der Emittentin widerrufen oder zurückgezogen werden.

Dabei gilt Folgendes:

„Investment-Grade-Rating“ bezeichnet in Bezug auf Moody's „Baa3“ oder höher und in Bezug auf Standard & Poor's und Fitch „BBB-“ oder höher (oder ein äquivalentes Rating).

Ein **„Kontrollwechsel“** gilt als eingetreten, wenn eine Person oder Personen, die ihr Verhalten aufeinander abgestimmt haben oder eine oder mehrere Personen, die für eine solche Person handelt bzw. für solche Personen handeln, zu irgendeinem Zeitpunkt direkt oder indirekt (i) mehr als 50% des Eigenkapitals der Emittentin erwirbt/erwerben oder (ii) eine Anzahl von Anteilen am Eigenkapital der Emittentin erwirbt/erwerben, der mehr als 50% der in Hauptversammlungen der Emittentin ausübbarer Stimmrechte trägt.

Ein **„Kontrollwechsel-Ereignis“** gilt als eingetreten, wenn ein Kontrollwechsel eingetreten ist, in Bezug auf den eine Rating-Abstufung erfolgt ist.

„Kontrollwechsel-Zeitraum“ meint in Bezug auf einen Kontrollwechsel den Zeitraum, der 120 Tage nach der ersten öffentlichen Bekanntmachung des beabsichtigten Kontrollwechsels eintritt.

„Non-Investment-Grade-Rating“ bezeichnet in Bezug auf Moody's „Ba1“ oder niedriger und in Bezug auf Standard & Poor's und Fitch „BB+“ oder niedriger (oder ein äquivalentes Rating).

„Personen, die ihr Verhalten aufeinander abgestimmt haben“ bezeichnet Personen, die ihr Verhalten i.S.d. § 34 Absatz 2 Wertpapierhandelsgesetz aufeinander abgestimmt haben.

Redemption Amount up to the date which falls 60 days following the publication of a Change of Control Event Notification (the **“Early Redemption Date”**).

The Issuer shall give notice to the Noteholders of the occurrence of a Change of Control Event and of the date on which such Change of Control Event occurred (a **“Change of Control Event Notification”**) as soon as practicable after becoming aware thereof.

In order to exercise such option, the Noteholder must submit to the specified office of the Principal Paying Agent a duly completed option exercise notice in text form or written form (**“Exercise Notice”**). Such Exercise Notice must be submitted to the Principal Paying Agent during normal business hours within a period of 15 days after a Change of Control Event Notification has been given. No option so exercised may be revoked or withdrawn without the prior consent of the Issuer.

Where:

“Investment Grade Rating” means with regard to Moody's “Baa3” or higher and with regard to Standard & Poor's und Fitch “BBB-” or higher (or an equivalent rating).

A **“Change of Control”** shall be 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% of the share capital (*Eigenkapital*) of the Issuer or (ii) such number of shares in the capital (*Anteile am Eigenkapital*) of the Issuer carrying more than 50% of the voting rights exercisable at respective general meetings of the Issuer.

A **“Change of Control Event”** shall be deemed to have occurred if a Change of Control has occurred in respect of which also a Rating Downgrade has occurred.

“Change of Control Period” means in respect of a Change of Control the period ending 120 days after the first public announcement of the contemplated Change of Control.

“Non-Investment Grade Rating” means with regard to Moody's “Ba1” or lower and with regard to Standard & Poor's und Fitch “BB+” or lower (or an equivalent rating).

“Persons Acting in Concert” means persons acting in concert within the meaning of § 34(2) of the German Securities Trading Act (*Wertpapierhandelsgesetz*).

Eine „**Rating-Abstufung**“ gilt als eingetreten, wenn ein Kontrollwechsel eingetreten ist und (a) infolge dieses Kontrollwechsels während des Kontrollwechsel-Zeitraums das ursprünglich erteilte Kreditrating der Emittentin oder derer langfristigen Verbindlichkeiten durch eine Ratingagentur (bei Bestehen nur eines Ratings) oder zumindest zwei Ratingagenturen (bei Bestehen von zwei oder mehreren Ratings) (i) zurückgezogen und danach nicht durch irgendeine Ratingagentur während des Kontrollwechsel-Zeitraums erneut erteilt oder ersetzt wird; (ii) von einem Investment-Grade-Rating in ein Non-Investment-Grade-Rating geändert wird und das vorherige Investment-Grade-Rating danach nicht durch irgendeine Ratingagentur während des Kontrollwechsel-Zeitraums erneut erteilt oder ersetzt wird; oder (iii) (sofern im Zeitpunkt des Eintritts des Kontrollwechsels keine Ratingagentur ein Investment-Grade-Rating an die Emittentin oder deren langfristigen Verbindlichkeiten erteilt hat) mindestens eine volle Ratingstufe herabgestuft wird und die vorherige Ratingstufe (oder höher) danach nicht durch irgendeine Ratingagentur während des Kontrollwechsel-Zeitraums erneut erteilt oder ersetzt wird; oder (b) (sofern im Zeitpunkt des Eintritts des Kontrollwechsels keine Ratingagentur ein Rating an die Emittentin oder deren langfristigen Verbindlichkeiten erteilt hat) keine Ratingagentur während des Kontrollwechsel-Zeitraums ein Investment-Grade-Rating an die Emittentin oder deren langfristigen Verbindlichkeiten erteilt (sofern, trotz angemessener Bemühungen, die Emittentin nicht in der Lage ist (im Falle von Klauseln (a)(ii) und (b)) ein Investment-Grade-Rating zu erhalten oder (im Falle von Klausel (a)(iii)) das bestehende Non-Investment-Grade-Rating beizubehalten, vorausgesetzt, dass dieses Unvermögen nicht aus dem Kontrollwechsel resultiert).

„**Ratingagentur**“ bezeichnet (1) Standard & Poor’s Credit Market Services Europe Limited (Zweigniederlassung Deutschland) oder deren entsprechenden Nachfolger („**S&P**“), (2) Moody’s Deutschland GmbH oder deren entsprechenden Nachfolger („**Moody’s**“), (3) Fitch Ratings Limited oder deren entsprechenden Nachfolger („**Fitch**“), oder (4) falls S&P, Moody’s oder Fitch oder alle drei kein Rating für die Emittentin öffentlich zur Verfügung stellen, eine Ratingagentur oder Ratingagenturen mit europaweitem Ansehen, die von der Emittentin ausgewählt wird und S&P, Moody’s oder Fitch oder alle diese Agenturen ersetzt.

„**Wahl-Rückzahlungsbetrag (Put)**“ bezeichnet für jede Schuldverschreibung 101% des Nennbetrags einer solchen Schuldverschreibung zuzüglich nicht gezahlter bis zum Vorzeitigen Rückzahlungstag (ausschließlich) aufgelaufener Zinsen.

A “**Rating Downgrade**” shall be deemed to have occurred if a Change of Control has occurred and (a) as a result of such Change of Control within the Change of Control Period the rating previously assigned to the Issuer or assigned to the outstanding long-term liabilities of the Issuer by any Rating Agency (if only one rating exists) or by at least two Rating Agencies (if two or more ratings exist) (i) is withdrawn and not subsequently re-instated or replaced by any Rating Agency within the Change of Control Period; (ii) is changed from an Investment Grade Rating to a Non-Investment Grade Rating and the previous Investment Grade Rating is not subsequently re-instated or replaced by any Rating Agency within the Change of Control Period; or (iii) (if at the time of the occurrence of the Change of Control no Rating Agency has assigned an Investment Grade Rating to the Issuer or the outstanding long-term liabilities of the Issuer) is lowered by at least one full rating notch and the previous rating notch (or higher) is not subsequently re-instated or replaced by any Rating Agency within the Change of Control Period; or (b) (if at the time of the occurrence of the Change of Control no Rating Agency has assigned a rating to the Issuer or the outstanding long-term liabilities of the Issuer) no Rating Agency assigns an Investment Grade Rating during the Change of Control Period (unless the Issuer, despite reasonable endeavors, is unable (in the case of clauses (a)(ii) and (b)) to obtain an Investment Grade Rating, or (in the case of clause (a)(iii)) to maintain the existing Non-Investment Grade Rating, within the Change of Control Period, provided that the inability is not a result of the Change of Control).

“**Rating Agency**” means (1) Standard & Poor’s Credit Market Services Europe Limited (Zweigniederlassung Deutschland) and its successors (“**S&P**”), (2) Moody’s Deutschland GmbH and its successors (“**Moody’s**”), and (3) Fitch Ratings Limited and its successors (“**Fitch**”), or (4) if S&P, Moody’s or Fitch, or all three shall not make a rating of the Issuer publicly available, a European-wide reputable securities rating agency or agencies, as the case may be, selected by the Issuer, which shall be substituted for S&P, Moody’s or Fitch or all three, as the case may be.

“**Put Redemption Amount**” means for each Note 101% of the principal amount of such Note, plus unpaid interest accrued to (but excluding) the Early Redemption Date.

(4) *Vorzeitige Rückzahlung nach Wahl der Emittentin.*

Die Emittentin ist berechtigt, unter Einhaltung einer Frist von nicht weniger als 30 und nicht mehr als 60 Tagen die Schuldverschreibungen (insgesamt und nicht nur teilweise) mit Wirkung zu jedem Optionalen Rückzahlungstag (wie nachstehend definiert) zur vorzeitigen Rückzahlung zu kündigen. Wenn die Emittentin ihr Kündigungsrecht gemäß Satz 1 ausübt, ist die Emittentin verpflichtet, die Schuldverschreibungen an dem in der Kündigungserklärung festgelegten Optionalen Rückzahlungstag zu ihrer Festgelegten Stückelung nebst etwaigen bis zu dem festgelegten Optionalen Rückzahlungstag aufgelaufenen Zinsen zurückzahlen.

„**Optionalen Rückzahlungstag**“ bezeichnet jeden Geschäftstag während des Zeitraums ab dem 24. März 2026 (einschließlich) bis zum Fälligkeitstag (ausschließlich).

Eine solche Kündigung hat gemäß § 13 zu erfolgen. Sie ist unwiderruflich, muss den für die Rückzahlung festgelegten Termin nennen und eine zusammenfassende Erklärung enthalten, welche die das Rückzahlungsrecht der Emittentin begründenden Umstände darlegt.

(5) *Vorzeitige Rückzahlung nach Wahl der Emittentin bei geringem ausstehendem Nennbetrag.* Wenn zu irgendeinem Zeitpunkt der Gesamtnennbetrag der ausstehenden und nicht von der Emittentin und ihren Tochtergesellschaften gehaltenen Schuldverschreibungen auf 20% oder weniger des Gesamtnennbetrags der Schuldverschreibungen, die ursprünglich ausgegeben wurden (einschließlich Schuldverschreibungen, die gemäß § 11(1) zusätzlich begeben worden sind), fällt, ist die Emittentin berechtigt, durch Kündigungserklärung unter Einhaltung einer Frist von nicht weniger als 30 und nicht mehr als 60 Tagen die ausstehenden Schuldverschreibungen (insgesamt und nicht nur teilweise) jederzeit mit Wirkung zu dem in der Kündigungserklärung festgelegten Rückzahlungstag zur vorzeitigen Rückzahlung zu kündigen. Wenn die Emittentin ihr Kündigungsrecht gemäß Satz 1 ausübt, ist die Emittentin verpflichtet, die Schuldverschreibungen an dem in der Kündigungserklärung festgelegten Rückzahlungstag zu ihrer Festgelegten Stückelung nebst etwaigen bis zu dem festgelegten Rückzahlungstag aufgelaufenen Zinsen zurückzahlen.

Eine solche Kündigung hat gemäß § 13 zu erfolgen. Sie ist unwiderruflich, muss den für die Rückzahlung festgelegten Termin nennen und eine zusammenfassende Erklärung enthalten, welche die das Rückzahlungsrecht der Emittentin begründenden Umstände darlegt.

(4) *Early Redemption at the Option of the Issuer.*

The Issuer may, upon giving not less than 30 and not more than 60 days prior notice of redemption, call the Notes for early redemption (in whole but not in part) with effect as of each Optional Redemption Date (as defined below). If the Issuer exercises its call right in accordance with sentence 1, the Issuer shall redeem the Notes at their Specified Denomination together with accrued interest, if any, to but excluding the specified Optional Redemption Date on the Optional Redemption Date specified in the notice.

“**Optional Redemption Date**” means each Business Day during the period from and including March 24, 2026 to but excluding the Maturity Date.

Any such notice shall be given in accordance with § 13. It shall be irrevocable, must specify the date fixed for redemption and must set forth a statement in summary form of the facts constituting the basis for the right of the Issuer so to redeem.

(5) *Early Redemption at the Option of the Issuer for Reason of Minimal Outstanding Amount.* If at any time the aggregate principal amount of the Notes outstanding and held by persons other than the Issuer and its subsidiaries is equal to or less than 20% of the aggregate principal amount of the Notes originally issued (including any Notes additionally issued in accordance with § 11(1)), the Issuer may, upon giving not less than 30 and not more than 60 days prior notice of redemption, call the outstanding Notes for early redemption (in whole but not in part) at any time with effect as of the redemption date specified in the notice. If the Issuer exercises its call right in accordance with sentence 1, the Issuer shall redeem the Notes at their Specified Denomination together with accrued interest, if any, to but excluding the specified redemption date on the redemption date specified in the notice.

Any such notice shall be given in accordance with § 13. It shall be irrevocable, must specify the date fixed for redemption and must set forth a statement in summary form of the facts constituting the basis for the right of the Issuer so to redeem.

(6) *Vorzeitige Rückzahlung nach Wahl der Emittentin zum Make-Whole Rückzahlungsbetrag.*

- (a) Die Emittentin ist berechtigt, unter Einhaltung einer Frist von nicht weniger als 30 und nicht mehr als 60 Tagen die Schuldverschreibungen (insgesamt und nicht nur teilweise) mit Wirkung zu dem Wahl-Rückzahlungstag (Call) (wie nachstehend definiert) zur vorzeitigen Rückzahlung zu kündigen. Wenn die Emittentin ihr Kündigungsrecht gemäß Satz 1 ausübt, ist die Emittentin verpflichtet, jede Schuldverschreibung an dem in der Kündigungserklärung festgelegten Rückzahlungstag nach Maßgabe von § 5(6)(b) (der „**Wahl-Rückzahlungstag (Call)**“) zu ihrem Make-Whole Rückzahlungsbetrag nebst etwaigen bis zu dem Wahl-Rückzahlungstag (Call) aufgelaufenen Zinsen zurückzahlen.

Der „**Make-Whole Rückzahlungsbetrag**“ je Schuldverschreibung entspricht dem Abgezinsten Marktwert, mindestens jedoch der Festgelegten Stückelung. Der Make-Whole Rückzahlungsbetrag wird von der Make-Whole-Berechnungsstelle berechnet.

Der „**Abgezinsten Marktwert**“ ist die Summe aus

- (a) dem auf den Wahl-Rückzahlungstag (Call) abgezinsten Wert der Festgelegten Stückelung; und
- (b) den jeweils auf den Wahl-Rückzahlungstag (Call) abgezinsten Werten der verbleibenden Zinszahlungen, die ansonsten an jedem Zinszahlungstag nach dem Rückzahlungstag bis zum Fälligkeitstag (einschließlich) fällig werden würden (abzüglich etwaiger, bis zum Wahl-Rückzahlungstag (Call) (ausschließlich) aufgelaufener Zinsen).

Die Make-Whole-Berechnungsstelle errechnet den Abgezinsten Marktwert gemäß der Marktkonvention auf einer Grundlage, die der Berechnung von Zinsen gemäß §3 entspricht, wobei sie die Benchmark-Rendite zuzüglich 0,40% zugrunde legt.

Die „**Benchmark-Rendite**“ bezeichnet die am Rückzahlungs-Berechnungstag bestehende Rendite der entsprechenden OBL 0,00% 10. April 2026 (ISIN DE0001141836) oder sollte die Rendite zu diesem Zeitpunkt nicht verfügbar sein, bezeichnet die Benchmark-Rendite eine ersetzende Referenzanleihe, die von der Make-Whole-Berechnungsstelle festgesetzt wird, die jeweils mit einer Laufzeit, die mit der verbleibenden Restlaufzeit der Schuldverschreibungen bis zum Fälligkeitstag

(6) *Early Redemption at the Option of the Issuer at Make-Whole Redemption Amount.*

- (a) The Issuer may, upon giving not less than 30 and not more than 60 days prior notice of redemption, call the Notes for early redemption (in whole but not in part) with effect as of the Call Redemption Date (as defined below). If the Issuer exercises its call right in accordance with sentence 1, the Issuer shall redeem each Note at its Make-Whole Redemption Amount together with accrued interest, if any, to but excluding the redemption date specified in the notice as specified in § 5(6)(b) (the “**Call Redemption Date**”) on the Call Redemption Date.

The “**Make-Whole Redemption Amount**” per Note shall be the higher of the Present Value and the Specified Denomination. The Make-Whole Redemption Amount shall be calculated by the Make-Whole Calculation Agent.

The “**Present Value**” will be the sum of

- (a) the Specified Denomination discounted to the Call Redemption Date; and
- (b) the remaining interest payments which would otherwise become due on each Interest Payment Date falling after the redemption date to and including the Maturity Date (minus any interest accrued to but excluding the Call Redemption Date), each discounted to the Call Redemption Date.

The Make-Whole Calculation Agent will calculate the Present Value in accordance with market convention on a basis which is consistent with the calculation of interest as set out in § 3, using the Benchmark Yield plus 0.40%.

The “**Benchmark Yield**” means the yield at the Redemption Calculation Date of the corresponding OBL 0.00% April 10, 2026 (ISIN DE0001141836), and if such yield is not available at that time the Benchmark Yield shall be the yield of a substitute benchmark security chosen by the Make-Whole Calculation Agent, in each case as having a maturity comparable to the remaining term of the Notes to the Maturity Date, that would be used at the time of selection and in accordance with customary financial

vergleichbar ist, und die im Zeitpunkt der Auswahlentscheidung und entsprechend der üblichen Finanzmarktpraxis zur Preisbestimmung bei Neuemissionen von Unternehmensanleihen mit einer bis zum Fälligkeitstag der Schuldverschreibung vergleichbaren Laufzeit verwendet werden würde.

„**Rückzahlungs-Berechnungstag**“ ist der sechste Geschäftstag vor dem Tag, an dem die Schuldverschreibungen gemäß diesem § 5(6) zurückgezahlt werden.

- (b) Die Kündigung ist den Anleihegläubigern durch die Emittentin gemäß § 13 bekannt zu machen und sollte zumindest Angaben enthalten über:
- (i) den Wahl-Rückzahlungstag (Call); sowie
 - (ii) den Namen und die Geschäftsstelle der Institution, welche durch die Emittentin als Make-Whole-Berechnungsstelle ernannt wurde (die „**Make-Whole-Berechnungsstelle**“).
- (c) Die durch eine Globalurkunde verbrieften Schuldverschreibungen werden in Übereinstimmung mit den Regeln des betreffenden Clearing Systems ausgewählt, und eine etwaige teilweise Rückzahlung wird in den Registern von CBL und Euroclear nach deren Ermessen entweder als Pool-Faktor oder als Reduzierung des Gesamtnennbetrags wiedergegeben.

§ 6

DIE HAUPTZAHLSTELLE, DIE ZAHLSTELLE UND DIE MAKE-WHOLE-BERECHNUNGSSTELLE

(1) *Bestellung; bezeichnete Geschäftsstelle.* BNP Paribas Securities Services, Luxembourg branch ist die Hauptzahlstelle (die „**Hauptzahlstelle**“, und gemeinsam mit etwaigen von der Emittentin nach § 6(2) bestellten zusätzlichen Zahlstellen, die „**Zahlstellen**“). Die Geschäftsräume der Hauptzahlstelle befinden sich unter der folgenden Adresse:

Hauptzahlstelle:

BNP Paribas Securities Services, Luxembourg branch
60 avenue J.F. Kennedy
2085 Luxembourg
Luxemburg

Make-Whole-Berechnungsstelle:

eine angesehene Institution mit gutem Ruf auf den Finanzmärkten, durch die Emittentin nur zu dem

practice, in pricing new issues of corporate debt securities of comparable maturity to the Maturity Date.

“**Redemption Calculation Date**” means the sixth Business Day prior to the date on which the Notes are redeemed in accordance with this § 5(6).

- (b) Notice of redemption shall be given by the Issuer to the Noteholders in accordance with § 13 and shall at least specify:
- (i) the Call Redemption Date; and
 - (ii) name and address of the institution appointed by the Issuer as Make-Whole Calculation Agent (the “**Make-Whole Calculation Agent**”).
- (c) Notes represented by a global note shall be selected in accordance with the rules of the relevant Clearing System and a possible partial redemption shall be reflected in the records of CBL and Euroclear as either a pool factor or a reduction in aggregate principal amount, at the discretion of CBL and Euroclear.

§ 6

THE PRINCIPAL PAYING AGENT, THE PAYING AGENT AND THE MAKE-WHOLE CALCULATION AGENT

(1) *Appointment; Specified Office.* BNP Paribas Securities Services, Luxembourg branch will be the principal paying agent (the “**Principal Paying Agent**”, and together with any additional paying agent appointed by the Issuer in accordance with § 6(2), the “**Paying Agents**”). The address of the specified office of the Principal Paying Agent is:

Principal Paying Agent:

BNP Paribas Securities Services, Luxembourg branch
60 avenue J.F. Kennedy
2085 Luxembourg
Luxembourg

Make-Whole Calculation Agent:

a reputable institution of good standing in the financial markets appointed by the Issuer for the purpose of

Zweck ernannt, um den Make-Whole Rückzahlungsbetrag gemäß § 5(6) zu berechnen.

Die Zahlstellen und die Make-Whole-Berechnungsstelle behalten sich das Recht vor, jederzeit ihre bezeichneten Geschäftsstellen durch eine andere Geschäftsstelle in demselben Land zu ersetzen.

(2) *Änderung der Bestellung oder Abberufung.* Die Emittentin behält sich das Recht vor, jederzeit die Bestellung der Hauptzahlstelle oder einer Zahlstelle oder der Make-Whole-Berechnungsstelle zu ändern oder zu beenden und eine andere Hauptzahlstelle oder zusätzliche oder andere Zahlstellen oder eine andere Make-Whole-Berechnungsstelle zu bestellen. Die Emittentin wird zu jedem Zeitpunkt eine Zahlstelle und eine Make-Whole-Berechnungsstelle unterhalten. Eine Änderung, Abberufung, Bestellung oder ein sonstiger Wechsel wird nur wirksam (außer im Insolvenzfall, in dem eine solche Änderung sofort wirksam wird), sofern die Anleihegläubiger hierüber gemäß § 13 vorab unter Einhaltung einer Frist von mindestens 30 und nicht mehr als 45 Tagen informiert wurden. Für die Zwecke dieser Anleihebedingungen bezeichnet „**Vereinigte Staaten**“ die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des District of Columbia) sowie deren Territorien (einschließlich Puerto Rico, der U.S. Virgin Islands, Guam, American Samoa, Wake Island und Northern Mariana Islands).

(3) *Erfüllungsgehilfe(n) der Emittentin.* Die Hauptzahlstelle, die Zahlstelle und die Make-Whole-Berechnungsstelle handeln ausschließlich als Erfüllungsgehilfen der Emittentin und übernehmen keinerlei Verpflichtungen gegenüber den Anleihegläubigern und es wird kein Auftrags- und Treuhandverhältnis zwischen ihnen und den Anleihegläubigern begründet.

§ 7 STEUERN

Sämtliche auf die Schuldverschreibungen zu zahlenden Beträge sind ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtigen oder zukünftigen Steuern oder sonstigen Abgaben gleich welcher Art zu leisten, die von oder in der Bundesrepublik Deutschland oder für deren Rechnung oder von oder für Rechnung einer politischen Untergliederung oder Steuerbehörde der oder in der Bundesrepublik Deutschland auferlegt oder erhoben werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich vorgeschrieben. Sofern die Emittentin gesetzlich zu einem solchen Abzug oder Einbehalt verpflichtet ist, so wird die Emittentin diejenigen zusätzlichen Beträge (die „**Zusätzlichen Beträge**“) zahlen, die erforderlich sind, damit die den Anleihegläubigern zufließenden Nettobeträge nach diesem Einbehalt oder Abzug jeweils den Beträgen entsprechen, die ohne einen solchen Einbehalt oder Abzug von den Anleihegläubigern empfangen worden wären; die Verpflichtung zur Zahlung solcher

calculating the Make-Whole Redemption Amount in accordance with § 5(6) only.

The Paying Agents and the Make-Whole Calculation Agent reserve the right at any time to change their specified offices to some other office in the same country.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Principal Paying Agent or any Paying Agent or the Make-Whole Calculation Agent and to appoint another Principal Paying Agent or additional or other Paying Agents or another Make-Whole Calculation Agent. The Issuer shall at all times maintain a Paying Agent and a Make-Whole Calculation Agent. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with § 13. For the purposes of these Terms and Conditions, "**United States**" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

(3) *Agent of the Issuer.* The Principal Paying Agent, the Paying Agent and the Make-Whole Calculation Agent act solely as the agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for any Noteholder.

§ 7 TAXATION

All amounts payable in respect of the Notes shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction by or on behalf of the Federal Republic of Germany or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law. If the Issuer is required by law to make such deduction or withholding, the Issuer will pay such additional amounts (the "**Additional Amounts**") as shall be necessary in order that the net amounts received by the Noteholders, after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable on account of any taxes or duties which:

Zusätzlicher Beträge besteht jedoch nicht im Hinblick auf Steuern und Abgaben, die:

- | | |
|---|---|
| (a) von einer als Depotbank oder Inkassobeauftragter des Anleihegläubigers handelnden Person oder sonst auf andere Weise zu entrichten sind als dadurch, dass die Emittentin aus den von ihr zu leistenden Zahlungen von Kapital oder Zinsen einen Abzug oder Einbehalt vornimmt; oder | (a) are payable by any person acting as custodian bank or collecting agent on behalf of a Noteholder, or otherwise in any manner which does not constitute a deduction or withholding by the Issuer from payments of principal or interest made by it, or |
| (b) wegen einer gegenwärtigen oder früheren persönlichen oder geschäftlichen Beziehung des Anleihegläubigers zu der Bundesrepublik Deutschland zu zahlen sind, und nicht allein deshalb, weil Zahlungen auf die Schuldverschreibungen aus Quellen in der Bundesrepublik Deutschland stammen (oder für Zwecke der Besteuerung so behandelt werden) oder dort besichert sind; oder | (b) are payable by reason of the Noteholder having, or having had, some personal or business connection with the Federal Republic of Germany and not merely by reason of the fact that payments in respect of the Notes are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, the Federal Republic of Germany, or |
| (c) aufgrund (i) einer Richtlinie oder Verordnung der Europäischen Union betreffend die Besteuerung von Zinserträgen oder (ii) einer zwischenstaatlichen Vereinbarung über deren Besteuerung, an der die Bundesrepublik Deutschland oder die Europäische Union beteiligt ist, oder (iii) einer gesetzlichen Vorschrift, die diese Richtlinie, Verordnung oder Vereinbarung umsetzt oder befolgt, abziehen oder einzubehalten sind; oder | (c) are deducted or withheld pursuant to (i) any European Union Directive or Regulation concerning the taxation of interest income, or (ii) any international treaty or understanding relating to such taxation and to which the Federal Republic of Germany or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such Directive, Regulation, treaty or understanding, or |
| (d) aufgrund einer Rechtsänderung zu zahlen sind, welche später als 30 Tage nach Fälligkeit der betreffenden Zahlung von Kapital oder Zinsen oder, wenn dies später erfolgt, ordnungsgemäßer Bereitstellung aller fälligen Beträge und einer diesbezüglichen Bekanntmachung gemäß § 13 wirksam wird; oder | (d) are payable by reason of a change in law that becomes effective more than 30 days after the relevant payment becomes due, or is duly provided for and notice thereof is published in accordance with § 13, whichever occurs later, or |
| (e) von einer Zahlstelle einbehalten oder abgezogen werden, wenn die Zahlung von einer anderen Zahlstelle ohne den Einbehalt oder Abzug hätte vorgenommen werden können; oder | (e) are withheld or deducted by a paying agent from a payment if the payment could have been made by another paying agent without such withholding or deduction; or |
| (f) die anders als durch Einbehalt oder Abzug von Zahlungen, welche die Emittentin an den Anleihegläubiger leistet, zu entrichten sind; oder | (f) are payable otherwise than by withholding or deduction from payments, made by the Issuer to the Noteholder, or |
| (g) die nicht erhoben oder einbehalten oder abgezogen worden wären, wenn es der Anleihegläubiger oder der wirtschaftliche Eigentümer der Schuldverschreibungen (für die vorliegenden Zwecke einschließlich Finanzinstitute, über die der Gläubiger oder wirtschaftliche Eigentümer die Schuldverschreibungen hält oder über die Zahlungen auf die Schuldverschreibungen erfolgen) nicht unterlassen hätte, nach einer an den Anleihegläubiger oder wirtschaftlichen | (g) would not have been imposed, withheld or deducted but for the failure of the Noteholder or beneficial owner of Notes (including, for these purposes, any financial institution through which the Noteholder or beneficial owner holds the Notes or through which payment on the Notes is made), following a written request by or on behalf of the Issuer or a Paying Agent addressed to the Noteholder or beneficial owner (and made at a time that would enable the Noteholder or beneficial owner acting |

Eigentümer gerichteten schriftlichen Aufforderung der Emittentin, einer Zahlstelle oder in deren Namen (die so rechtzeitig erfolgt, dass der Anleihegläubiger bzw. der wirtschaftliche Eigentümer dieser Aufforderung mit zumutbaren Anstrengungen nachkommen kann, in jedem Fall aber mindestens 30 Tage, bevor ein Einbehalt oder Abzug erforderlich wäre), einer aufgrund von Gesetzen, Abkommen, Verordnungen oder der Verwaltungspraxis in der Bundesrepublik Deutschland vorgeschriebenen Bescheinigungs-, Identifizierungs-, Informations-, oder sonstigen Nachweispflicht nachzukommen, die Voraussetzung für eine Befreiung von in der Bundesrepublik Deutschland erhobenen Steuern oder für eine Reduzierung der Höhe des Einhalts oder Abzugs solcher Steuern ist (u. a. eine Bescheinigung, dass der Anleihegläubiger bzw. der wirtschaftliche Eigentümer nicht in der Bundesrepublik Deutschland ansässig ist), jedoch jeweils nur, soweit der Anleihegläubiger bzw. der wirtschaftliche Eigentümer rechtlich berechtigt ist, die Bescheinigung, Information oder Dokumentation vorzulegen; oder

- (h) die aufgrund jeglicher Kombination der Absätze (a) bis (g) zu entrichten sind.

Zudem werden keine Zusätzlichen Beträge im Hinblick auf Zahlungen auf die Schuldverschreibungen an einen Anleihegläubiger gezahlt, welcher die Zahlung als Treuhänder oder Personengesellschaft oder als sonstiger nicht alleiniger wirtschaftlicher Eigentümer der Zahlung erhält, soweit nach den Gesetzen der Bundesrepublik Deutschland eine solche Zahlung steuerlich den Einkünften eines Begünstigten oder Treugebers in Bezug auf einen solchen Treuhänder oder eines Gesellschafters der Personengesellschaft oder eines wirtschaftlich Berechtigten zugerechnet würde, der jeweils selbst nicht zum Erhalt von Zusätzlichen Beträgen berechtigt gewesen wäre, wenn er selbst Anleihegläubiger der Schuldverschreibungen wäre.

Zur Klarstellung wird festgehalten, dass die in der Bundesrepublik Deutschland gemäß dem am Tag, an dem die letzte Tranche dieser Serie von Schuldverschreibungen begeben wird, geltenden Steuerrecht auf der Ebene der Depotbank erhobene Kapitalertragsteuer zuzüglich des darauf anfallenden Solidaritätszuschlags sowie Kirchensteuer, soweit eine solche im Wege des Steuerabzugs erhoben wird, keine Steuern oder Abgaben der vorstehend beschriebenen Art darstellen, für die von der Emittentin Zusätzliche Beträge zu zahlen wären.

Die Emittentin ist nicht verpflichtet, Zusätzliche Beträge in Bezug auf einen Einbehalt oder Abzug von Beträgen zu zahlen, die gemäß Sections 1471 bis 1474 des U.S. Internal Revenue Code (in der jeweils

reasonably to comply with that request, and in all events, at least 30 days before any withholding or deduction would be required), to comply with any certification, identification, information or other reporting requirement whether required by statute, treaty, regulation or administrative practice of the Federal Republic of Germany, that is a precondition to exemption from, or reduction in the rate of withholding or deduction of, taxes imposed by the Federal Republic of Germany (including, without limitation, a certification that the Noteholder or beneficial owner is not resident in the Federal Republic of Germany), but in each case, only to the extent the Noteholder or beneficial owner is legally entitled to provide such certification, information or documentation; or

- (h) are payable due to any combination of items (a) to (g),

Furthermore, no Additional Amounts shall be paid with respect to any payment on a Note to a Noteholder who is a fiduciary or partnership or who is other than the sole beneficial owner of such payment to the extent such payment would be required by the laws of the Federal Republic of Germany to be included in the income, for tax purposes, of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to such Additional Amounts had such beneficiary, settlor, member or beneficial owner been the Noteholder of the Note.

For the avoidance of doubt, the withholding tax levied in the Federal Republic of Germany at the level of the custodian bank plus the solidarity surcharge imposed thereon as well as church tax, where such tax is levied by way of withholding, pursuant to tax law as in effect as of the date on which the last tranche of this series of Notes was issued do not constitute a tax or duty as described above in respect of which Additional Amounts would be payable by the Issuer.

In any event, the Issuer will not have any obligation to pay Additional Amounts deducted or withheld by the Issuer, the relevant Paying Agent or any other party in relation to any withholding or deduction of any

geltenden Fassung oder gemäß Nachfolgeb Bestimmungen), gemäß zwischenstaatlicher Abkommen, gemäß den in einer anderen Rechtsordnung in Zusammenhang mit diesen Bestimmungen erlassenen Durchführungsvorschriften oder gemäß mit dem U.S. Internal Revenue Service geschlossenen Verträgen von der Emittentin, der jeweiligen Zahlstelle oder einem anderen Beteiligten abgezogen oder einbehalten wurden („**FATCA-Steuerabzug**“) oder Anleger in Bezug auf einen FATCA-Steuerabzug schadlos zu halten.

§ 8 VORLEGUNGSFRIST

Die in § 801 Absatz 1 Satz 1 BGB bestimmte Vorlegungsfrist wird für die Schuldverschreibungen auf zehn Jahre verkürzt.

§ 9 KÜNDIGUNG

(1) *Kündigungsgründe.* Jeder Anleihegläubiger ist berechtigt, seine Schuldverschreibung zu kündigen und deren sofortige Rückzahlung zu ihrer Festgelegten Stückelung zuzüglich (etwaiger) bis zum Tage der Rückzahlung aufgelaufener Zinsen zu verlangen, falls:

- (a) *Nichtzahlung:* die Emittentin Kapital oder Zinsen auf die Schuldverschreibungen oder sonstige auf die Schuldverschreibungen zahlbaren Beträge nicht jeweils innerhalb von 10 Tagen nach dem betreffenden Fälligkeitsdatum zahlt, sei es bei Fälligkeit, Rückzahlung oder zu anderen Zeitpunkten; oder
- (b) *Verletzung einer sonstigen Verpflichtung:* die Emittentin die ordnungsgemäße Erfüllung einer anderen Verpflichtung aus den Schuldverschreibungen unterlässt und diese Unterlassung länger als 60 Tage fort dauert, nachdem die Hauptzahlstelle hierüber eine Aufforderung, die Verpflichtung zu erfüllen, in der in § 9(2) dafür vorgesehenen Form von einem Anleihegläubiger erhalten hat; oder
- (c) *Drittverzugs Klausel:* (i) wenn eine bestehende oder zukünftige Zahlungsverpflichtung der Emittentin im Zusammenhang mit einer Kredit- oder sonstigen Geldaufnahme infolge einer Nichtleistung (unabhängig davon, wie eine solche definiert ist) vorzeitig fällig wird, oder (ii) wenn eine solche Zahlungsverpflichtung bei Fälligkeit oder nach Ablauf einer etwaigen Nachfrist nicht erfüllt wird, oder (iii) wenn die Emittentin einen Betrag, der unter einer bestehenden oder zukünftigen Garantie oder Gewährleistung im Zusammenhang mit einer Kredit- oder sonstigen Geldaufnahme, zur Zahlung fällig wird, bei Fälligkeit oder nach Ablauf einer etwaigen Nachfrist nicht zahlt, vorausgesetzt, dass der Gesamtbetrag der

amounts required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement, or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service (“**FATCA Withholding**”) or indemnify any investor in relation to any FATCA Withholding.

§ 8 PRESENTATION PERIOD

The presentation period provided in § 801 paragraph 1, sentence 1 German Civil Code (*Bürgerliches Gesetzbuch, BGB*) is reduced to ten years for the Notes.

§ 9 EVENTS OF DEFAULT

(1) *Events of default.* Each Noteholder shall be entitled to declare his Notes due and demand immediate redemption thereof at their Specified Denomination plus accrued interest (if any) to the date of repayment, in the event that

- (a) *Non-Payment:* the Issuer fails to pay principal or interest in respect of the Notes or any other amount in respect of the Notes, in each case within 10 days from the relevant due date, whether at maturity, upon redemption or otherwise; or
- (b) *Breach of other Obligation:* the Issuer fails to duly perform any other obligation arising from the Notes and such failure continues unremedied for more than 60 days after the Principal Paying Agent has received a request thereof in the manner set forth in § 9(2) from a Noteholder to perform such obligation; or
- (c) *Cross-Default:* (i) any present or future payment obligation of the Issuer in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity for reason of the occurrence of a default (howsoever defined), or (ii) any such payment obligation is not met when due or, as the case may be, within an applicable grace period, or (iii) any amounts due under any present or future guarantee or warranty by the Issuer for moneys borrowed or raised are not paid when due or, as the case may be, within an applicable grace period, provided that the relevant aggregate amount of the payment obligation, guarantee or warranty in respect of which one or more of the events mentioned above in this § 9(1)(c) has or have

betreffenden Zahlungsverpflichtungen, Garantien oder Gewährleistungen, bezüglich derer eines oder mehrere der in diesem § 9(1)(c) genannten Ereignisse eintreten, mindestens einem Betrag von 1,00% der konsolidierten Bilanzsumme der Emittentin, welche zum gegebenen Zeitpunkt in der Bilanz des letzten jährlichen Konzernabschlusses der Emittentin ausgewiesen wurde, entspricht oder diese übersteigt und der jeweilige Kündigungsgrund nicht innerhalb von 30 Tagen, nachdem die Emittentin eine diesbezügliche Mitteilung durch den Anleihegläubiger nach Maßgabe von § 9(2) erhalten hat, behoben wird. Dieser § 9(1)(c) ist jedoch nicht anwendbar, wenn die Emittentin ihre betreffenden Zahlungsverpflichtungen in gutem Glauben bestreitet; oder

- (d) *Zahlungseinstellung:* die Emittentin ihre Zahlungen einstellt oder schriftlich bekanntgibt, dass sie generell nicht mehr fähig ist, ihren finanziellen Verpflichtungen nachzukommen; oder
- (e) *Einstellung der Geschäftstätigkeit:* die Emittentin direkt oder indirekt ihre Geschäftstätigkeit ganz oder überwiegend einstellt; oder
- (f) *Insolvenz u.ä.:* ein Gericht ein Insolvenzverfahren gegen die Emittentin eröffnet, ein solches Verfahren eingeleitet und nicht innerhalb einer Frist von 60 Tagen aufgehoben oder ausgesetzt worden ist, oder die Emittentin ein solches Verfahren beantragt oder eingeleitet hat; oder
- (g) *Liquidation:* die Emittentin in Liquidation geht, es sei denn, dies geschieht im Zusammenhang mit einer Verschmelzung, einer Konzernbildung oder einer anderen Form des Zusammenschlusses mit einer anderen Gesellschaft und diese Gesellschaft alle Verpflichtungen aus den Schuldverschreibungen, die sich aus diesen Anleihebedingungen ergeben, übernimmt.

(2) *Keine Kündigung.* Das Kündigungsrecht erlischt, falls der Kündigungsgrund vor Ausübung des Rechts geheilt wurde.

(3) *Benachrichtigung.* Eine Benachrichtigung, einschließlich einer Kündigung der Schuldverschreibungen gemäß § 9(1) ist mindestens in Textform (§ 126b BGB) gegenüber der Hauptzahlstelle zu erklären und an dessen bezeichnete Geschäftsstelle zusammen mit einem Nachweis durch eine Bescheinigung der Depotbank (wie in § 14(3) definiert) oder in einer anderen geeigneten Weise zu übermitteln, dass der Benachrichtigende zum

occurred equals or exceeds an amount which corresponds to 1.00% of the Issuer's consolidated total assets, as shown from time to time in the balance sheet of the most recent annual (consolidated) financial statements of the Issuer, and such default continues for more than 30 days after the Issuer has received notice thereof from a Noteholder, such notice being substantially in the form as specified in § 9(2), provided however, that this § 9(1)(c) shall not apply, where the Issuer contests its relevant payment obligation in good faith; or

- (d) *Cessation of Payment:* the Issuer ceases its payments or announces in writing its inability to meet its financial obligations generally; or
- (e) *Cessation of Business:* the Issuer ceases to carry out, directly or indirectly, all or substantially all of its business; or
- (f) *Insolvency etc.:* a court opens insolvency proceedings against the Issuer, such proceedings are instituted and have not been discharged or stayed within 60 days, or the Issuer applies for or institutes such proceedings; or
- (g) *Liquidation:* the Issuer enters into liquidation, unless such liquidation is to take place in connection with a merger, consolidation or any other form of combination with another company and such company assumes all obligations under the Notes arising from these Terms and Conditions.

(2) *No Termination.* The right to declare Notes due shall terminate if the situation giving rise to it has been cured before the right is exercised.

(3) *Notice.* Any notice, including any notice declaring Notes due, in accordance with § 9(1) shall be made at least in text form (§ 126b German Civil Code) to the specified office of the Principal Paying Agent together with a proof that such notifying Noteholder at the time of such notice is a holder of the relevant Notes by means of a statement of his Custodian (as defined in § 14(3)) or any other appropriate manner.

Zeitpunkt der Benachrichtigung ein Anleihegläubiger der betreffenden Schuldverschreibung ist.

(4) *Quorum.* In den Fällen gemäß § 9(1)(b) und (c) wird eine Kündigungserklärung, sofern nicht bei deren Eingang zugleich einer der in § 9(1)(a) sowie § 9(1)(d) bis (g) bezeichneten Kündigungsgründe vorliegt, erst wirksam, wenn bei der Zahlstelle Kündigungserklärungen von Gläubigern im Nennbetrag von mindestens 15% des Gesamtnennbetrages der dann ausstehenden Schuldverschreibungen eingegangen sind. Die Wirksamkeit einer solchen Kündigung entfällt, wenn die Gläubiger dies binnen drei Monaten mit Mehrheit beschließen. Für den Beschluss über die Unwirksamkeit der Kündigung genügt die einfache Mehrheit der Stimmrechte, vorausgesetzt, dass in jedem Fall mehr Gläubiger diesem Beschluss zustimmen als gekündigt haben.

§ 10 ERSETZUNG

(1) *Ersetzung.* Die Emittentin ist jederzeit berechtigt ohne Zustimmung der Anleihegläubiger jedes andere Unternehmen, das direkt oder indirekt von ihr kontrolliert wird an ihrer Stelle als neue Emittentin (die „**Neue Emittentin**“) für alle Verpflichtungen aus und im Zusammenhang mit diesen Schuldverschreibungen mit schuldbefreiender Wirkung einzusetzen, vorausgesetzt, dass:

- (a) die Emittentin nicht mit irgendwelchen auf die Schuldverschreibungen zahlbaren Beträgen in Verzug ist;
- (b) die Neue Emittentin alle Verpflichtungen der Emittentin aus und im Zusammenhang mit den Schuldverschreibungen übernimmt und, wenn die Zustellung des Verfahrens gegenüber der Neuen Emittentin außerhalb der Bundesrepublik Deutschland zu erfolgen hat, einen Zustellungsbevollmächtigten innerhalb der Bundesrepublik Deutschland benennt;
- (c) die Emittentin und die Neue Emittentin alle erforderlichen Genehmigungen und Zustimmungen für die Ersetzung und die Erfüllung der Verpflichtungen aus und im Zusammenhang mit den Schuldverschreibungen erhalten haben;
- (d) die Neue Emittentin in der Lage ist, an das Clearing System oder die Hauptzahlstelle in Euro und ohne Abzug etwaiger Steuern oder anderer Abgaben jeglicher Art, die von dem Land (oder den Ländern) in dem (denen) die Neue Emittentin ihren Sitz oder Steuersitz hat auferlegt, erhoben oder abgezogen werden, alle Beträge zu zahlen, die für die Erfüllung der Verpflichtungen aus und im Zusammenhang mit den Schuldverschreibungen erforderlich sind;

(4) *Notice.* In the events specified in § 9(1)(b) and (c), any notice declaring Notes due shall, unless at the time such notice is received any of the events specified in § 9(1)(a) as well as § 9(1)(d) to (g) entitling Holders to declare their Notes due has occurred, become effective only when the Paying Agent has received such default notices from the Holders representing at least 15% of the aggregate principal amount of the Notes then outstanding. Any such termination shall become ineffective if within three months the majority of the Holders so resolve. The resolution in relation to the ineffectiveness of a termination may be passed by simple majority of the voting rights, provided, however, that in any case there must be more Holders consenting to such resolution than Holders having terminated the Notes.

§ 10 SUBSTITUTION

(1) *Substitution.* The Issuer may at any time, without the consent of the Noteholders, substitute for the Issuer any other company which is directly or indirectly controlled by the Issuer, as new issuer (the “**New Issuer**”) in respect of all obligations arising under or in connection with the Notes with the effect of releasing the Issuer of all such obligations, if:

- (a) the Issuer is not in default in respect of any amount payable under the Notes;
- (b) the New Issuer assumes any and all obligations of the Issuer arising under or in connection with the Notes and, if service of process vis-à-vis the New Issuer would have to be effected outside the Federal Republic of Germany, appoints a process agent within the Federal Republic of Germany;
- (c) the Issuer and the New Issuer have obtained all authorisations and approvals necessary for the substitution and the fulfilment of the obligations arising under or in connection with the Notes;
- (d) the New Issuer is in the position to pay to the Clearing System or to the Principal Paying Agent in Euro and without deducting or withholding any taxes or other duties of whatever nature imposed, levied or deducted by the country (or countries) in which the New Issuer has its domicile or tax residence all amounts required for the performance of the payment obligations arising from or in connection with the Notes;

- (e) die Emittentin unbedingt und unwiderruflich die Verbindlichkeiten der Neuen Emittentin unter den Schuldverschreibungen zu Bedingungen garantiert, die sicherstellen, dass jeder Anleihegläubiger wirtschaftlich so gestellt wird, wie er ohne die Ersetzung stehen würde;
- (f) soweit anwendbar, die Neue Emittentin einen Zustellungsbevollmächtigten in Deutschland für alle Rechtsstreitigkeiten aus oder im Zusammenhang mit Schuldverschreibungen ernannt hat;
- (g) jede Wertpapierbörse, an der die Schuldverschreibungen zugelassen sind, bestätigt hat, dass nach der vorgesehenen Ersetzung durch die Neue Emittentin diese Schuldverschreibungen weiterhin an dieser Wertpapierbörse zugelassen sind; und
- (h) der Hauptzahlstelle Rechtsgutachten, die in Kopie erhältlich sind, von angesehenen Rechtsberatern zugestellt wurden, die die Emittentin für jede Rechtsordnung ausgewählt hat, in der die Emittentin und die Neue Emittentin ihren Sitz haben, und in denen bestätigt wird, soweit zutreffend, dass mit Durchführung der Schuldnerersetzung die Anforderungen in vorstehenden Unterabsätzen (a) bis (f) erfüllt worden sind.
- (2) *Bekanntmachung.* Jede Ersetzung ist gemäß § 13 bekannt zu machen.
- (3) *Änderung von Bezugnahmen.* Im Fall einer Ersetzung gilt:
- (a) jede Bezugnahme in diesen Anleihebedingungen auf die Emittentin gilt als Bezugnahme auf die Neue Emittentin, es sei denn, der Sinn und Zweck der betreffenden Regelung erfordert, dass ein derartiger Verweis (x) ein Verweis auf die CECONOMY AG bleibt, oder (y) ein Verweis auf die CECONOMY AG und die Neue Emittentin bleibt; und
- (b) jede Bezugnahme in diesen Anleihebedingungen auf die Bundesrepublik Deutschland gilt als Bezugnahme auf das Land, in dem die Neue Emittentin ihren Sitz oder Steuersitz hat, es sei denn, der obenstehende § 10(3)(a) bestimmt etwas anderes.
- (e) the Issuer irrevocably and unconditionally guarantees such obligations of the New Issuer under the Notes on terms which ensure that each Noteholder will be put in an economic position that is as favourable as that which would have existed if the substitution had not taken place.
- (f) if applicable, the New Issuer has appointed a process agent as its agent in Germany to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Notes;
- (g) each stock exchange on which the Notes are listed shall have confirmed that, following the proposed substitution of the New Issuer, such Notes will continue to be listed on such stock exchange; and
- (h) legal opinions shall have been delivered to the Principal Paying Agent (from whom copies will be available) from legal advisers of good standing selected by the Issuer in each jurisdiction in which the Issuer and the New Issuer are incorporated confirming, as appropriate, that upon the substitution taking place the requirements according to subsections (a) to (f) above have been met.
- (2) *Notice.* Notice of any such substitution shall be published in accordance with § 13.
- (3) *Change of References.* In the event of any such substitution:
- (a) any reference in these Terms and Conditions to the Issuer shall be a reference to the New Issuer unless the meaning and purpose of the relevant condition requires such reference to remain (x) a reference to CECONOMY AG or (y) a reference to CECONOMY AG and the New Issuer; and
- (b) any reference in these Terms and Conditions to the Federal Republic of Germany shall be a reference to the New Issuer's country of domicile for tax purposes, unless § 10(3)(a) above provides otherwise.

In § 7 und § 5(2) gilt eine alternative Bezugnahme auf die Bundesrepublik Deutschland als aufgenommen (zusätzlich zu der Bezugnahme nach Maßgabe des vorstehenden Satzes auf das Land, in dem die Neue Emittentin ihren Sitz oder Steuersitz hat) und in § 9(1)(c) bis (f) gilt eine alternative Bezugnahme auf die Emittentin in ihrer Eigenschaft als Garant als aufgenommen (zusätzlich zu der Bezugnahme auf die Neue Emittentin) und ein weiterer Kündigungsgrund

In § 7 and § 5(2) an alternative reference to the Federal Republic of Germany shall be deemed to have been included in addition to the reference according to the preceding sentence to the country of domicile or residence for taxation purposes of the New Issuer and in § 9(1)(c) to (f) an alternative reference to the Issuer in its capacity as guarantor shall be deemed to have been included (in addition to the reference to the New Issuer) and a further event of default shall be deemed

soll als aufgenommen gelten, der dann eintritt, wenn die Garantie aus irgendeinem Grund nicht mehr gilt.

Zum Zwecke der Feststellung eines Kontrollwechsels in § 5(3) gilt eine alternative Bezugnahme auf die CECONOMY AG in ihrer Eigenschaft als Garantin als aufgenommen, zusätzlich zu der Bezugnahme auf die Neue Emittentin.

§ 11

BEGEBUNG WEITERER SCHULDVERSCHREIBUNGEN UND ANKAUF

(1) *Begebung weiterer Schuldverschreibungen.* Die Emittentin ist berechtigt, jederzeit ohne Zustimmung der Anleihegläubiger weitere Schuldverschreibungen mit gleicher Ausstattung (gegebenenfalls mit Ausnahme des Tags der Begebung, des Verzinsungsbeginns und/oder des Ausgabepreises) in der Weise zu begeben, dass sie mit diesen Schuldverschreibungen eine einheitliche Serie bilden.

(2) *Ankauf.* Die Emittentin ist berechtigt, jederzeit Schuldverschreibungen im Markt oder anderweitig zu kaufen. Die von der Emittentin erworbenen Schuldverschreibungen können nach Wahl der Emittentin von ihr gehalten, weiterverkauft oder bei der Hauptzahlstelle zwecks Entwertung eingereicht werden.

§ 12

ÄNDERUNG DER ANLEIHEBEDINGUNGEN, GEMEINSAMER VERTRETER

(1) *Änderung der Anleihebedingungen.* Die Emittentin kann die Anleihebedingungen mit Zustimmung eines Mehrheitsbeschlusses der Anleihegläubiger gemäß § 5 ff. SchVG ändern. Insbesondere können die Anleihegläubiger durch Beschlüsse mit den in nachstehendem § 12(2) bestimmten Mehrheitserfordernissen Änderungen zustimmen, die den Inhalt der Anleihebedingungen wesentlich verändern, einschließlich der in § 5 Absatz 3 SchVG vorgesehenen Maßnahmen. Ein ordnungsgemäß gefasster Mehrheitsbeschluss ist für alle Anleihegläubiger verbindlich.

„SchVG“ bezeichnet das Gesetz über Schuldverschreibungen aus Gesamtemissionen in der jeweils geänderten bzw. geltenden Fassung und alle Verweise in diesen Anleihebedingungen auf entsprechende Paragraphen des SchVG schließen insoweit auch Verweise auf alle anwendbaren gesetzlichen Bestimmungen ein, die diese Bestimmungen jeweils ändern bzw. ersetzen.

(2) *Mehrheitserfordernisse.* Mit Ausnahme der Bestimmungen des folgenden Satzes und unter der Voraussetzung, dass die Anforderungen an die Beschlussfähigkeit erfüllt sind, können die

to have been included; such event of default shall exist in the case that the guarantee is or becomes invalid for any reasons.

For the purpose of the determination of a Change of Control in § 5(3), an alternative reference to CECONOMY AG in its capacity as guarantor shall be deemed to have been included in addition to the reference to the New Issuer.

§ 11

FURTHER ISSUES AND PURCHASES

(1) *Further Issues.* The Issuer may from time to time, without the consent of the Noteholders, issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date, interest commencement date and/or issue price) so as to form a single Series with the Notes.

(2) *Purchases.* The Issuer may at any time purchase Notes in the open market or otherwise. Notes purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to the Principal Paying Agent for cancellation.

§ 12

AMENDMENT OF THE TERMS AND CONDITIONS, NOTEHOLDERS' REPRESENTATIVE

(1) *Amendment of the Terms and Conditions.* The Issuer may amend the Terms and Conditions with the consent of a majority resolution of the Noteholders pursuant to §§ 5 et seqq. of the SchVG. In particular, the Noteholders may consent to amendments which materially change the substance of the Terms and Conditions, including such measures as provided for under § 5 paragraph 3 SchVG, by resolutions passed by such majority of the votes of the Noteholders as stated under § 12(2) below. A duly passed majority resolution shall be binding upon all Noteholders.

“SchVG” means the German Debt Securities Act (*Gesetz über Schuldverschreibungen aus Gesamtemissionen – SchVG*), as amended or replaced from time to time, and any references in these Terms and Conditions to relevant paragraphs of the SchVG include references to any applicable provisions of law amending or replacing such provisions from time to time.

(2) *Majority.* Except as provided by the following sentence and provided that the quorum requirements are being met, the Noteholders may pass resolutions by simple majority of the voting rights participating in the

Anleihegläubiger Beschlüsse mit einfacher Mehrheit der abstimmenden Stimmrechte fassen. Beschlüsse, die den Inhalt der Anleihebedingungen wesentlich verändern, insbesondere in den Fällen das § 5 Absatz 3 Nr. 1 bis 9 SchVG, oder die sich auf wesentliche andere Punkte beziehen, können nur mit einer Mehrheit von mindestens 75% der abstimmenden Stimmrechte („**Qualifizierte Mehrheit**“) gefasst werden.

(3) *Beschlüsse der Anleihegläubiger.* Die Anleihegläubiger können Beschlüsse in einer Gläubigerversammlung gemäß § 5 ff. SchVG fassen, oder durch eine Abstimmung ohne Versammlung gemäß § 18 und § 5 ff. SchVG.

(4) *Teilnahme.* Die Teilnahme an der Gläubigerversammlung und die Ausübung von Stimmrechten erfordert eine Anmeldung der Anleihegläubiger. Die Anmeldung muss spätestens am dritten Tag vor der Gläubigerversammlung bei der in der Einberufung angegebenen Adresse eingehen. Im Rahmen der Anmeldung müssen die Anleihegläubiger ihre Berechtigung zur Teilnahme an der Abstimmung durch eine besondere Bestätigung der Depotbank gemäß § 14(4) in Textform oder Schriftform sowie durch Vorlage eines Sperrvermerks der Depotbank nachweisen, aus dem hervorgeht, dass die entsprechenden Schuldverschreibungen ab dem Tag der Absendung der Anmeldung bis einschließlich des angegebenen Endes der Versammlung nicht übertragbar sind.

(5) *Stimmrecht.* Gemeinsam mit der Stimmabgabe müssen die Anleihegläubiger ihre Berechtigung zur Teilnahme an der Abstimmung durch eine besondere Bestätigung der Depotbank gemäß § 14(4) in Textform oder Schriftform sowie durch Vorlage eines Sperrvermerks der Depotbank nachweisen, aus dem hervorgeht, dass die entsprechenden Schuldverschreibungen ab dem Tag der Stimmabgabe bis einschließlich des Ablaufs der Abstimmungsfrist nicht übertragbar sind.

Sofern festgestellt wurde, dass die Beschlussfähigkeit der Gläubigerversammlung gemäß des vorstehenden § 12(4) oder die Abstimmung ohne Versammlung gemäß dieses § 12(5) nicht gegeben ist, kann im Fall einer Gläubigerversammlung der Vorsitzende eine zweite Versammlung zum Zweck der erneuten Beschlussfassung gemäß § 15 Absatz 3 Satz 2 SchVG einberufen, oder der Abstimmungsleiter kann im Falle einer Abstimmung ohne Versammlung eine zweite Versammlung gemäß § 15 Absatz 3 Satz 3 SchVG einberufen. Die Teilnahme an der zweiten Versammlung und die Ausübung des Stimmrechts erfordern eine vorherige Anmeldung der Anleihegläubiger. Bezüglich der Anmeldung der Anleihegläubiger zu einer zweiten Versammlung gelten die Bestimmungen des § 12(4) Satz 3 entsprechend.

vote. Resolutions which materially change the substance of the Terms and Conditions, in particular in the cases of § 5 paragraph 3 numbers 1 through 9 SchVG, or relating to material other matters, may only be passed by a majority of at least 75% of the voting rights participating in the vote (a “**Qualified Majority**”).

(3) *Resolution of Noteholders.* The Noteholders can pass resolutions in a meeting (*Gläubigerversammlung*) in accordance with § 5 et seqq. SchVG or by means of a vote without a meeting (*Abstimmung ohne Versammlung*) in accordance with § 18 and § 5 et seqq. SchVG.

(4) *Attendance.* Attendance at the meeting and exercise of voting rights is subject to the Noteholders’ registration. The registration must be received at the address stated in the convening notice no later than the third day preceding the meeting. As part of the registration, Noteholders must demonstrate their eligibility to participate in the vote by means of a special confirmation of the Custodian in accordance with § 14(4) in text format or in written form and by submission of a blocking instruction by the Custodian stating that the relevant Notes are not transferable from and including the day such registration has been sent until and including the stated end of the meeting.

(5) *Voting rights.* Together with casting their votes Noteholders must demonstrate their eligibility to participate in the vote by means of a special confirmation of the Custodian in accordance with § 14(4) in text format or in written form and by submission of a blocking instruction by the Custodian stating that the relevant Notes are not transferable from and including the day such votes have been cast until and including the day the voting period ends.

If it is ascertained that no quorum exists for the meeting pursuant to § 12(4) above or the vote without a meeting pursuant to this § 12(5), in case of a meeting the chairman (*Vorsitzender*) may convene a second meeting in accordance with § 15 paragraph 3 sentence 2 SchVG or in case of a vote without a meeting the scrutineer (*Abstimmungsleiter*) may convene a second meeting within the meaning of § 15 paragraph 3 sentence 3 SchVG. Attendance at the second meeting and exercise of voting rights is subject to the Noteholders’ registration. The provisions set out in § 12(4) sentence 3 above shall apply mutatis mutandis to the Noteholders’ registration for a second meeting.

(6) *Gemeinsamer Vertreter.* Die Anleihegläubiger können durch Mehrheitsbeschluss die Bestellung oder Abberufung eines gemeinsamen Vertreters (der „**Gemeinsame Vertreter**“), die Aufgaben sowie Rechte und Pflichten des Gemeinsamen Vertreters, die Übertragung der Rechte durch die Anleihegläubiger auf den Gemeinsamen Vertreter und eine Haftungsbeschränkung des Gemeinsamen Vertreters bestimmen. Sofern der Gemeinsame Vertreter die Befugnis erlangen soll, einer wesentlichen Änderung des Inhalts der Anleihebedingungen gemäß des vorstehenden § 12(2) zuzustimmen, kann die Bestellung des Gemeinsamen Vertreters nur durch Qualifizierte Mehrheit erfolgen.

(7) *Garantie.* Die oben aufgeführten auf die Schuldverschreibungen anwendbaren Bestimmungen gelten entsprechend für die Bestimmungen einer etwaigen Garantie gemäß § 10(1)(e).

(8) *Mitteilungen.* Alle diesen § 12 betreffenden Mitteilungen haben ausschließlich nach den Bestimmungen des SchVG zu erfolgen.

§ 13 MITTEILUNGEN

(1) *Bekanntmachung.* Solange die Schuldverschreibungen am Euro MTF der Luxemburger Börse zum Handel zugelassen sind und die Regeln der Luxemburger Börse dies verlangen, werden alle die Schuldverschreibungen betreffenden Mitteilungen auch auf der Internetseite der Luxemburger Börse (www.bourse.lu) veröffentlicht. Jede Mitteilung gilt am dritten Tag nach dem Tag der Veröffentlichung als wirksam erfolgt.

(2) *Mitteilungen an das Clearing System.* Solange Schuldverschreibungen am Euro MTF der Luxemburger Börse notiert sind, findet § 13(1) Anwendung. Soweit die Mitteilung den Zinssatz betrifft oder die Regeln der Luxemburger Börse dies sonst zulassen, kann die Emittentin eine Veröffentlichung nach § 13(1) durch eine Mitteilung an das Clearing System zur Weiterleitung an die Anleihegläubiger ersetzen; jede derartige Mitteilung gilt am siebten Tag nach dem Tag der Mitteilung an das Clearing System als den Anleihegläubigern mitgeteilt.

(3) *Form der Mitteilung.* Mitteilungen, die von einem Anleihegläubiger gemacht werden, müssen in Textform (z.B. Email oder Fax) oder schriftlich erfolgen und zusammen mit dem Nachweis seiner Inhaberschaft gemäß § 14(3) an die Hauptzahlstelle geschickt werden. Eine solche Mitteilung kann über das Clearing System in der von der Hauptzahlstelle und dem Clearing System dafür vorgesehenen Weise erfolgen.

(6) *Noteholders' Representative.* The Noteholders may by majority resolution provide for the appointment or dismissal of a joint representative (the “**Joint Representative**”), the duties and responsibilities and the powers of such Joint Representative, the transfer of the rights of the Noteholders to the Joint Representative and a limitation of liability of the Joint Representative. Appointment of a Joint Representative may only be passed by a Qualified Majority if such Joint Representative is to be authorised to consent, in accordance with § 12(2) above, to a material change in the substance of the Terms and Conditions.

(7) *Guarantee.* The provisions set out above applicable to the Notes will apply *mutatis mutandis* to any guarantee granted pursuant to § 10(1)(e).

(8) *Notices.* All notices concerning this § 12 shall be made exclusively pursuant to the provisions of the SchVG.

§ 13 NOTICES

(1) *Publication.* As long as the Notes are admitted to trading on the Euro MTF operated by the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, all notices concerning the Notes will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). Any notice so given will be deemed to have been validly given on the third day following the date of such publication.

(2) *Notification to Clearing System.* So long as any Notes are listed on the Euro MTF of the Luxembourg Stock Exchange, § 13(1) shall apply. In the case of notices regarding the Rate of Interest or, if the Rules of the Luxembourg Stock Exchange otherwise so permit, the Issuer may deliver the relevant notice to the Clearing System for communication by the Clearing System to the Noteholders, in lieu of publication as set forth in § 13(1) above; any such notice shall be deemed to have been validly given on the seventh day after the day on which the said notice was given to the Clearing System.

(3) *Form of Notice.* Notices to be given by any Noteholder shall be made by means of a declaration in text format (*Textform*, e.g. email or fax) or in written form sent together with an evidence of the Noteholder's entitlement in accordance with § 14(3) to the Principal Paying Agent. Such notice may be given through the Clearing System in such manner as the Principal Paying Agent and the Clearing System may approve for such purpose.

§ 14

ANWENDBARES RECHT, GERICHTSSTAND UND GERICHTLICHE GELTENDMACHUNG

- (1) *Anwendbares Recht.* Form und Inhalt der Schuldverschreibungen sowie die Rechte und Pflichten der Anleihegläubiger und der Emittentin bestimmen sich in jeder Hinsicht nach deutschem Recht.
- (2) *Gerichtsstand.* Nicht ausschließlich zuständig für sämtliche im Zusammenhang mit den Schuldverschreibungen entstehenden Klagen oder sonstige Verfahren („**Rechtsstreitigkeiten**“) ist das Landgericht Frankfurt am Main.
- (3) *Gerichtliche Geltendmachung.* Jeder Anleihegläubiger von Schuldverschreibungen ist berechtigt, in jedem Rechtsstreit gegen die Emittentin oder in jedem Rechtsstreit, in dem der Anleihegläubiger und die Emittentin Partei sind, seine Rechte aus diesen Schuldverschreibungen im eigenen Namen auf der folgenden Grundlage zu schützen oder geltend zu machen: (i) er bringt eine Bescheinigung der Depotbank bei, bei der er für die Schuldverschreibungen ein Wertpapierdepot unterhält, welche (a) den vollständigen Namen und die vollständige Adresse des Anleihegläubigers enthält, (b) den Gesamtnennbetrag der Schuldverschreibungen bezeichnet, die unter dem Datum der Bestätigung auf dem Wertpapierdepot verbucht sind und (c) bestätigt, dass die Depotbank gegenüber dem Clearing System eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (a) und (b) bezeichneten Informationen enthält; und (ii) er legt eine Kopie der die betreffenden Schuldverschreibungen verbriefenden Globalurkunde vor, deren Übereinstimmung mit dem Original eine vertretungsberechtigte Person des Clearing Systems oder des Verwahrers des Clearing Systems bestätigt hat, ohne dass eine Vorlage der Originalbelege oder der die Schuldverschreibungen verbriefenden Globalurkunde in einem solchen Verfahren erforderlich wäre. Für die Zwecke des Vorstehenden bezeichnet „**Depotbank**“ jede Bank oder ein sonstiges anerkanntes Finanzinstitut, das berechtigt ist, das Wertpapierverwahrungsgeschäft zu betreiben und bei der/dem der Anleihegläubiger ein Wertpapierdepot für die Schuldverschreibungen unterhält, einschließlich des Clearing Systems. Unbeschadet des Vorstehenden kann jeder Anleihegläubiger seine Rechte aus den Schuldverschreibungen auch auf jede andere Weise schützen oder geltend machen, die im Land des Rechtsstreits prozessual zulässig ist.
- (4) *Nachweis der Berechtigung zur Teilnahme an der Gläubigerversammlung.* Die Einberufung einer Gläubigerversammlung gemäß § 12 kann vorsehen, wie die Berechtigung zur Teilnahme daran nachzuweisen ist. Sofern die Einberufung nichts anderes bestimmt, berechtigt ein von einem durch die Emittentin zu ernennenden Beauftragten ausgestellter

§ 14

APPLICABLE LAW, PLACE OF JURISDICTION AND ENFORCEMENT

- (1) *Applicable Law.* The Notes, as to form and content, and all rights and obligations of the Noteholders and the Issuer, shall be governed by German law.
- (2) *Submission to Jurisdiction.* The District Court (*Landgericht*) in Frankfurt am Main shall have non-exclusive jurisdiction for any action or other legal proceedings (“**Proceedings**“) arising out of or in connection with the Notes.
- (3) *Enforcement.* Any Noteholder of Notes may in any proceedings against the Issuer, or to which such Noteholder and the Issuer are parties, protect and enforce in his own name his rights arising under such Notes on the basis of (i) a statement issued by the Custodian with whom such Noteholder maintains a securities account in respect of the Notes (a) stating the full name and address of the Noteholder, (b) specifying the aggregate principal amount of Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) and (ii) a copy of the Note in global form certified as being a true copy by a duly authorised officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the global note representing the Notes. For purposes of the foregoing, “**Custodian**” means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Noteholder maintains a securities account in respect of the Notes and includes the Clearing System. Each Noteholder may, without prejudice to the foregoing, protect and enforce his rights under these Notes also in any other way which is admitted in the country of the Proceedings.
- (4) *Proof for taking part in the Noteholders’ Meeting.* The convening notice of a Noteholders’ meeting pursuant to § 12 shall provide what proof is required to be entitled to take part in the Noteholders’ meeting. Unless otherwise provided in the convening notice, a voting certificate obtained from an agent to be appointed by the Issuer shall entitle its bearer to attend

Stimmzettel seinen Inhaber zur Teilnahme an und zur Stimmabgabe in der Gläubigerversammlung. Der Stimmzettel kann vom Anleihegläubiger bezogen werden, indem er mindestens sechs Tage vor dem für die Gläubigerversammlung bestimmten Datum

- (a) seine Schuldverschreibungen bei einem durch die Emittentin zu ernennenden Beauftragten oder gemäß einer Weisung dieses Beauftragten bei einer von dem Beauftragten benannten Depotbank oder anderen Verwahrer für die Zwecke der Teilnahme an und Stimmabgabe in der Gläubigerversammlung hinterlegt hat oder
- (b) seine Schuldverschreibungen bei einer Depotbank in Übereinstimmung mit deren Verfahrensregeln gesperrt sowie einen Nachweis über die Inhaberschaft und Sperrung der Schuldverschreibungen an den Beauftragten der Emittentin geliefert hat.

Der Stimmzettel ist zu datieren und muss die betreffende Gläubigerversammlung bezeichnen sowie den ausstehenden Nennbetrag und etwaige Seriennummern der Schuldverschreibungen, die entweder hinterlegt oder bei einer Depotbank gesperrt sind, angeben. Die Einberufung kann auch die Erbringung eines Identitätsnachweises der ein Stimmrecht ausübenden Person vorsehen. Hat der jeweilige Beauftragte der Emittentin einen Stimmzettel für eine Schuldverschreibung ausgegeben, dürfen die Schuldverschreibungen solange nicht freigegeben bzw. deren Übertragung zugelassen werden, bis entweder die Gläubigerversammlung beendet oder der jeweiligen Beauftragten der Stimmzettel zurückgegeben worden ist.

§ 15 SPRACHE

Diese Anleihebedingungen sind in deutscher Sprache abgefasst. Der deutsche Text ist bindend und maßgeblich. Die Übersetzung in die englische Sprache ist unverbindlich.

and vote at the Noteholders' meeting. A voting certificate may be obtained by a Noteholder if at least six days before the date fixed for the Noteholders' meeting, such Noteholder

- (a) deposits its Notes for such purpose with an agent to be appointed by the Issuer or to the order of such agent with a Custodian or other depository nominated by such agent for such purpose or
- (b) blocks its Notes in an account with a Custodian in accordance with the procedures of the Custodian and delivers a confirmation stating the ownership and blocking of its Notes to the agent of the Issuer.

The voting certificate shall be dated and shall specify the Noteholders' meeting concerned and the total number, the outstanding principal amount and the serial numbers (if any) of the Notes either deposited or blocked in an account with the Custodian. The convening notice may also require a proof of identity of a person exercising a voting right. Once the relevant agent of the Issuer has issued a voting certificate for a Noteholders' meeting in respect of a Note, the Notes shall neither be released nor permitted to be transferred until either such Noteholders' meeting has been concluded or the voting certificate has been surrendered to the relevant agent of the Issuer.

§ 15 LANGUAGE

These Terms and Conditions are written in the German language. The German text shall be controlling and binding. The English language translation is provided for convenience only.

TAXATION

The following is a general description of certain tax consequences of Germany of the acquisition, ownership and sale of Notes. This discussion does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Notes. The following section only provides some very general information on the possible tax treatment. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular investor. This summary is based on the laws of Germany currently in force and as applied on the date of this Offering Memorandum, which are subject to change, possibly with retroactive or retrospective effect.

Prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Notes.

PROSPECTIVE INVESTORS OF NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF NOTES, INCLUDING THE EFFECT OF ANY STATE OR LOCAL TAXES UNDER THE TAX LAWS APPLICABLE IN GERMANY AND EACH COUNTRY OF WHICH THEY ARE RESIDENTS.

Germany

Withholding Tax

Ongoing payments, such as interest payments, received by an individual holder of the Notes will be subject to German withholding tax (*Kapitalertragsteuer*) if the Notes are kept or administered in a custodial account with (a) a German branch of a German or non-German credit or financial services institution, (b) or with a German securities trading business or a German securities trading bank or (c) —if no German credit or financial services institution is the Disbursing Agent —the Issuer (each, a “**Disbursing Agent**”, *auszahlende Stelle*). The withholding tax rate is 25% (plus solidarity surcharge at a rate of 5.5% thereon, the total withholding being 26.375%; with respect to the solidarity surcharge see “*Abolishment of Solidarity Surcharge*”). If the individual holder is subject to church tax, a church tax surcharge will also be withheld. The church tax surcharge is automatically withheld by the Disbursing Agent, unless the holder notifies the Federal Central Tax Office (*Bundeszentralamt für Steuern*) it objects to automatic withholding. In this case, the holder will be assessed to church tax (if applicable).

The same treatment applies to capital gains (*i.e.*, the difference between the proceeds from the disposal, redemption, repayment or assignment after deduction of expenses directly related to the disposal, redemption, repayment or assignment and the cost of acquisition) including interest accrued on the Notes (“**Accrued Interest**”, *Stückzinsen*) derived by an individual holder irrespective of any holding period provided the Notes have been held in a custodial account with the same Disbursing Agent since the time of their acquisition. If Notes held or managed in the same custodial account were acquired at different points in time, the Notes first acquired will be deemed to have been sold first for the purposes of determining any capital gains. Where the Notes are acquired or sold in a currency other than Euro, the sales/redemption price or the acquisition costs have to be converted into Euro on the basis of the foreign exchange rates prevailing on the sale or redemption date and the acquisition date, respectively. If interest claims are disposed of separately (*i.e.*, without the Notes), the proceeds from the disposition are subject to withholding tax. The same applies to proceeds from the redemption or collection of interest claims if the Notes have been disposed of separately.

To the extent that the Notes have not been kept in a custodial account with the same Disbursing Agent since the time of their acquisition, upon the disposal, redemption, repayment or assignment withholding tax applies at a rate of 25% (plus solidarity surcharge at a rate of 5.5% thereon, the total withholding being 26.375%, plus church tax, if applicable) on 30% of the disposal proceeds (including Accrued Interest, if any), unless the current Disbursing Agent has been provided with evidence of the actual acquisition costs of the Notes by the previous Disbursing Agent or by a statement of a bank or financial services institution within the European Union, the European Economic Area or certain other countries, *e.g.*, Switzerland, the Principality of Liechtenstein, the Republic of San Marino, the Principality of Monaco and the Principality of Andorra.

In computing any German withholding tax, the Disbursing Agent may generally deduct from the basis of the withholding tax negative investment income realized by the individual holder of the Notes via the Disbursing Agent (*e.g.*, losses from the sale of other securities with the exception of shares). The Disbursing Agent may also deduct Accrued Interest on the Notes or other securities paid separately upon the acquisition of the respective security via the Disbursing Agent. In addition, subject to certain requirements and restrictions, the Disbursing

Agent may credit foreign withholding taxes levied on investment income in a given year regarding securities held by the individual holder in the custodial account with the Disbursing Agent.

Upon the individual holder filing an exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent, the Disbursing Agent will take a maximum annual allowance (*Sparer-Pauschbetrag*) of €801 (€1,602 for married couples and for partners in accordance with the registered partnership law (*Gesetz über die Eingetragene Lebenspartnerschaft*) filing jointly) into account when computing the amount of tax to be withheld from the gross payment to be made by the Disbursing Agent. No withholding tax will be deducted if the holder of the Notes has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the competent tax office.

German withholding tax will generally not apply to gains from the disposal, redemption, repayment or assignment of Notes held by a corporate holder who is a German tax resident (including via a commercial partnership, as the case may be, and provided that in the case of corporations of certain legal forms the status of corporation has been evidenced by a certificate of the competent tax office) while ongoing payments, such as interest payments, are generally subject to withholding tax (irrespective of any deductions of foreign tax and losses incurred). The same applies where the Notes form part of a trade or business (of an individual or a commercial partnership) subject to further requirements being met.

Interest and capital gains received by non-residents of Germany are, in general, not subject to German withholding tax or the solidarity surcharge thereon. However, where the interest or capital gain is subject to German taxation (as set forth under “—*Taxation of Current Income and Capital Gains—Non Tax Residents*”) and the Notes are held in a custodial account with a Disbursing Agent, withholding tax will be levied under certain circumstances. The withholding tax may be refunded based on an assessment to tax or under an applicable double taxation treaty (*Doppelbesteuerungsabkommen*).

Taxation of Current Income and Capital Gains

Tax Residents

This subsection “—*Tax Residents*” refers to persons who are tax residents of Germany (*i.e.*, persons whose residence, habitual abode, statutory seat, or place of effective management is located in Germany).

Income (*i.e.* interest and capital gains) derived under the Notes held by an individual holder who is tax resident in Germany, irrespective of any holding period, is in general subject to German income tax at a flat tax rate of 25% (plus solidarity surcharge and church tax, if applicable, thereon) (*Abgeltungsteuer*) if the Notes are held as private investment (*Privatvermögen*). Individual holders who are tax resident in Germany are entitled to a maximum annual allowance (*Sparer-Pauschbetrag*) of €801 (€1,602 for married couples and for partners in accordance with the registered partnership law (*Gesetz über die Eingetragene Lebenspartnerschaft*) filing jointly), whereby actually incurred higher expenses directly attributable to a capital investment are not deductible.

The personal income tax liability of an individual holder who is a tax resident in Germany will, in principle, be satisfied by the tax withheld. To the extent withholding tax has not been levied, such as in the case no Disbursing Agent being involved in the payment process, the individual holder must include his or her income and capital gains derived from the Notes in his or her tax return and will then also be taxed at a rate of 25% (plus solidarity surcharge and, where applicable, church tax thereon). If the withholding tax on a disposal, redemption, repayment or assignment has been calculated from 30% of the disposal proceeds (rather than from the actual gain), an individual holder may, and in case the actual gain is higher than 30% of the disposal proceeds, must apply for an assessment on the basis of his or her actual acquisition costs. Further, an individual holder may apply for a tax assessment on the basis of general rules applicable to him or her if the resulting individual income tax burden is lower than 25% with any amounts of German tax over withheld being refunded. The deduction of expenses (other than transaction costs) on an itemized basis is not permitted.

Capital losses from the disposal, redemption, repayment or assignment of the Notes held as private assets should generally be tax-recognized irrespective of the holding period of the Notes. The losses may, however, not be used to offset other income like employment or business income but may only be offset against investment income subject to certain limitations. Losses not utilized in one year may be carried forward into subsequent years but may not be carried back into preceding years. However, if the losses result from the full or partial non-recoverability of the repayment claim under the Notes including a default of the Issuer or a (voluntary) waiver, such losses together with other losses of such kind of the same year and loss-carry forwards of previous years can only be offset up to an amount of €20,000 (“**Limitation on Loss Deduction**”). Any exceeding loss amount can

be carried forward and offset against future investment income, but again subject to the €20,000 limitation. Pursuant to the legislative reasoning, a non-recoverability shall also be assumed if, based on the overall assessment of the facts and circumstances, it becomes apparent that the Issuer will not redeem the Notes in full, *e.g.*, because the solvency risk has already materialized. Given that the Limitation on Loss Deduction will not be applied by the German Disbursing Agent (as defined above) holding the Notes in custody, holders suffering losses which are subject to the Limitation on Loss Deduction are required to declare such losses in their income tax return.

Where Notes form part of a trade or business of an individual or corporate holder or where the income from the Notes qualifies as income from the letting and leasing of property, the withholding tax, if any, will not satisfy the personal or corporate income tax liability. Rather, the income is subject to individual or corporate income tax (plus solidarity surcharge and, where applicable, church tax thereon). Where Notes form part of a trade or business, interest (including Accrued Interest) and capital gains must be taken into account as income. The respective holder will have to include income and related (business) expenses in the tax return and the balance will be taxed at the holder's applicable tax rate. Withholding tax levied, if any, will be credited as an advance payment against the personal or corporate income tax liability of the holder or, to the extent exceeding this personal or corporate income tax liability, will be refunded. Where Notes form part of a German trade or business the current income and capital gains from the disposal, redemption, repayment or assignment of the Notes may also be subject to German trade tax. The trade tax liability depends on the municipal trade tax factor (*Gewerbesteuerhebesatz*). If the holder is an individual or an individual partner of a partnership, the trade tax may be completely or partly credited against the personal income tax pursuant to a lump sum tax credit method.

Non Tax-Residents

This subsection “—*Non Tax-Residents*” refers to persons who are not tax residents of Germany (*i.e.*, persons whose residence, habitual abode, statutory seat, and place of effective management is not located in Germany).

Interest, including accrued interest, and capital gains (which include currency gains and losses, if any) from the disposal, redemption, repayment or assignment of the Notes received by holders who are not tax resident in Germany are generally not subject to German taxation, unless (i) the Notes form part of the business property of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the holder or (ii) the income otherwise constitutes German source income (such as income from the letting and leasing of certain German situs real estate or income from capital investments directly or indirectly secured by German situs real estate, unless the Notes qualify as global notes (*Sammelurkunde*) within the meaning of Section 9a of the German Custody Act (*Depotgesetz*) or as fungible notes representing the same issue (*Teilschuldverschreibung*). In cases (i) and (ii) a tax regime similar to that explained above under “—*Tax Residents*” applies. Furthermore, the holders who are not tax resident in Germany may become subject to German withholding tax in case they receive the proceeds by way of an over the counter payment by a German Disbursing Agent and the Notes are not held in custody with the same German Disbursing Agent. Subject to certain requirements, a holder who is not tax resident in Germany may benefit from tax reductions or tax exemptions provided by an applicable double taxation treaty (*Doppelbesteuerungsabkommen*).

Inheritance and Gift Tax

A gratuitous transfer of Notes by reason of death or as a gift will be subject to German inheritance or gift tax if the decedent or donor or the heir, donee or other beneficiary is at the time of the transfer a resident or deemed to be a resident of Germany or in certain cases for German citizens who previously maintained a residence in Germany. If neither the holder nor the recipient is a resident or deemed to be a resident of Germany at the time of the transfer, no German inheritance or gift taxes will be levied if the Notes qualify as fungible notes representing the same issue (*Teilschuldverschreibung*) unless the Notes are attributable to a German trade or business for which a permanent establishment or fixed base is maintained or a permanent representative has been appointed in Germany.

Other Taxes

No stamp, issue or registration taxes or such duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes (for the avoidance of doubt, except for any notarial fees). Currently, net assets tax is not levied in Germany.

Abolishment of Solidarity Surcharge

According to a bill enacted in December 2019, the solidarity surcharge has been partially abolished as of the assessment period 2021 for certain individuals. The solidarity surcharge shall, however, continue to apply for capital investment and, thus, on withholding taxes levied. In case the individual income tax burden for an individual holder is lower than 25% the holder can apply for his/her capital investment income being assessed at his/her individual tariff-based income tax rate in which case solidarity surcharge would be refunded.

Proposed Abolishment of German Flat Tax on Interest Income

There is an ongoing discussion in Germany whether the reduced flat tax rate should be increased or abolished so that investment income would be taxed at the individual taxpayer's income tax higher rates. It is still unclear whether, how and when the current discussion may result in any legislative changes. A repeal of the "flat tax regime" for interest income would, most likely, result in the taxation of interest income (derived from private investments) at the regular progressive tax rates of up to 45% (plus a 5.5% solidarity surcharge (*Solidaritatszuschlag*) and church tax, if any, thereon) on the part of German tax resident individuals.

The Proposed Financial Transaction Tax (FTT)

On February 14, 2013, the European Commission has published a proposal for a Directive for a common financial transactions tax ("**FTT**") in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain. However, Estonia has since stated that it will not participate.

However, the proposed FTT remains subject to negotiations between the participating member states and it is still unclear if and when the FTT will be implemented and what the exact scope will be. Subject to the final scope of any FTT, holders of the Notes could be exposed to higher transaction fees and prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE OF THE NOTES

General

On or about June 22, 2021, the Issuer and the Managers will enter into a subscription agreement (the “**Subscription Agreement**”) regarding the subscription and sale of the Notes. The obligations of the Issuer and Managers under the Subscription Agreement are subject to certain customary closing conditions. The Issuer will agree to pay certain fees to the Managers and to reimburse the Managers for certain expenses incurred in connection with the issuance of the Notes.

Under certain circumstances, the Managers may terminate the Subscription Agreement. In any such event, no Notes will be delivered to investors. Furthermore, the Issuer will agree to indemnify the Managers against certain liabilities it may incur in connection with the offer and sale of the Notes.

Selling Restrictions

General

The Managers have acknowledged that no representation is made by the Issuer or any of the Managers that any action has been or will be taken in any jurisdiction that would permit a public offering of the Notes, or possession or distribution of this Offering Memorandum or any other materials relating to the Notes, in any country or jurisdiction where further action for that purpose would be required.

Each Manager has undertaken to comply, to the best of its knowledge and belief, in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Notes, or has in possession or distributes this Offering Memorandum (in preliminary or final form) or any other materials, in all cases at their own expense.

Prohibition of sales to EEA retail investors

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area or the United Kingdom. For the purposes of this provision, the expression retail investor means a person who is one (or more) of the following:

- a retail client as defined in point (11) of Article 4(1) of MiFID II (as amended); or
- a customer within the meaning of Directive 2016/97/EU (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

Prohibition of sales to UK Retail Investors

Each of the Managers has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom. For the purposes of this provision:

The expression **retail investor** means a person who is one (or more) of the following:

- (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or
- (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where

that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions

Each Manager has represented and agreed that:

- it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer); and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in accordance with Regulation S or pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act.

Each Manager has represented, warranted and undertaken that they have not offered or sold, and will not offer or sell, the Notes constituting part of their respective allotment within the United States, except in accordance with Rule 903 of Regulation S. Accordingly, the Managers have further represented, warranted and undertaken that neither they, nor their respective affiliates, nor any persons acting on their behalf, have engaged or will engage in any directed selling efforts with respect to the Notes. Terms used in this paragraph shall have the meaning ascribed to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in transactions permitted by U.S. tax regulations. Terms used in this paragraph shall have the meaning ascribed to them by the United States Internal Revenue Code of 1986, as amended, and applicable regulations thereunder.

Switzerland

Neither this Offering Memorandum nor any other offering or marketing material relating to the Notes constitutes a Offering Memorandum as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this Offering Memorandum nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Offering Memorandum nor any other offering or marketing material relating to the offering nor the Issuer nor the Notes has been or will be filed with or approved by any Swiss regulatory authority. The Notes are not subject to the supervision by any Swiss regulatory authority, *e.g.* the Swiss Financial Market Supervisory Authority FINMA, and investors in the Notes will not benefit from protection or supervision by such authority.

Each of the Managers has acknowledged, represented and agreed that:

- (i) the Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act dated 15 June 2018 (“**FinSA**”), and no application has been or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland;
- (ii) neither this Offering Memorandum nor any other offering or marketing material relating to the Notes (x) constitutes a prospectus as such term is understood pursuant to the FinSA or (y) has been or will be filed with or approved by a Swiss review body pursuant to article 52 of the FinSA; and
- (iii) neither this Offering Memorandum nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

GENERAL INFORMATION

Listing and Admission to Trading

Application has been made to the Luxembourg Stock Exchange to have the Notes admitted to listing on the Official List and to trading on the Euro MTF Market. The Luxembourg Stock Exchange's Euro MTF Market is a multilateral trading facility for the purposes of MiFID II.

Authorization

The issue of the Notes was authorized by resolutions of the Executive Board of the Issuer on June 14, 2021 and on June 18, 2021.

Interest of Natural and Legal Persons involved in the Issue/Offer

There are no interests of natural and legal persons other than the Issuer involved in the issue, including conflicting ones, that are material to the issue.

Use of Proceeds

The net proceeds from the issuance of the Notes, estimated by the Issuer to be approximately €495,545,000, will be used for general corporate purposes, including refinancing of existing indebtedness.

Clearing and Settlement

Payments and transfers of the Notes will be settled through Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and Clearstream Banking, S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

The Notes have been assigned the following securities codes: ISIN XS2356316872, Common Code 235631687.

The Issuer's Legal Entity Identifier (LEI) is 5299001X9L42HXEBCZ51.

Eurosystem Eligibility:

The Notes are intended to be held in a manner which would allow Eurosystem eligibility.

This does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that the Eurosystem eligibility criteria have been met.

Paying Agent

BNP Paribas Securities Services, Luxembourg branch (the "**Paying Agent**") has been appointed as paying agent, based on an agency agreement to be dated on or about June 22, 2021.

Material Change

There has been no material change in the prospects and the financial position of the Company since March 31, 2021.

Rating

The Issuer has received from Moody's Investors Service ("Moody's") a corporate rating of "Ba1 (outlook: stable)"¹ and from Scope Ratings ("Scope") of long-term "BBB- (outlook: stable)"² and of short-term: "S-2 (outlook: stable)"³.

The Notes are expected to be rated "Ba1" by Moody's.

Moody's and Scope are established in the European Union and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of September 16, 2009 on credit rating agencies, as amended (the "CRA Regulation").⁴

Investors in the Notes should be aware that a credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Third Party Information

This Offering Memorandum may also make reference to or include information which is provided by, or derived from information provided by, third parties, in particular with respect to market environment, market developments, growth rates, market trends and competitive situation. The Issuer takes the responsibility for the correct reproduction and extraction of such third party information in this Offering Memorandum. However, the Issuer has not independently verified any information provided by third parties or the external sources to which this Offering Memorandum may make reference to or on which the Issuer's own estimates are based. Therefore, the Issuer assumes no responsibility for the accuracy of the information presented in this Offering Memorandum as being third-party information or the accuracy of the information on which the Issuer's own estimates based on third-party information. Any statements regarding the market environment, market developments, growth rates, market trends and competitive situation presented in this Offering Memorandum regarding the Issuer or the Group are based on own estimates and/or analysis unless other sources are specified.

Documents on Display

For so long as any Note is outstanding, the Offering Memorandum, including the Terms and Conditions of the Notes, the constitutional documents of the Issuer and the Agency Agreement may be inspected, free of charge, during normal business hours at the specified office of the Paying Agent and, as long as the Notes are listed on the Official List of the Luxembourg Stock Exchange, will be available on the website of the Luxembourg Stock Exchange (www.bourse.lu).

¹ Moody's defines a long-term "Ba1" as follows: "Obligations rated Ba are judged to be speculative and are subject to substantial credit risk. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category".

² Scope defines a long-term "BBB-" as follows "Credit Ratings at the BBB level reflect an opinion of good credit quality". Scope Ratings long-term Credit Ratings are expressed with symbols from AAA to C, with + and - as additional sub-categories for each category from AA to B (inclusive), that is, 20 levels in total with 19 sub-categories for performing issues and issuers plus the default category".

³ Scope defines a short-term "S-2" as follows "Credit Ratings at the S-2 level reflect an opinion of low credit risk with good capacity to repay short-term obligations".

⁴ The European Securities and Markets Authority publishes on its website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that updated list in the Official Journal of the European Union within 30 days following such update.

INFORMATION INCORPORATED BY REFERENCE

This Offering Memorandum incorporates by reference, and should be read and construed in conjunction with, the following information:

Document	Pages
The following sections of the CECONOMY Group Q2/H1 2020/2021 Half-Year Financial Report:	
Condensed Consolidated Interim Financial Statements	26
Selected Notes to the Consolidated Financial Statements	31
The following sections of the CECONOMY Group Annual Report 2019/2020:	
Consolidated Financial Statements	96
Notes to the Consolidated Financial Statements	103
Independent Auditor's Report	187
The following sections of the CECONOMY Group Annual Report 2018/2019:	
Consolidated Financial Statements	129
Notes to the Consolidated Financial Statements	138
Independent Auditor's Report	273

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