
**INVITATION TO
THE EXTRAORDINARY
GENERAL MEETING**

ON 12 APRIL 2022

**Information pursuant to Implementing Regulation (EU) 2018/1212 for the notification
according to § 125 German Stock Corporation Act of CEECONOMY AG**

**Information for ordinary share DE0007257503 /
Information for preference share DE0007257537**

A. Specification of the message

1. Virtual Extraordinary General Meeting of CEECONOMY AG 2022
In the format of Implementing Regulation 2018/1212: d6c2c8b79e90ec11812b005056888925
2. Convening of the General Meeting

B. Specification of the issuer

- 1a. ISIN Ordinary Share: DE0007257503
- 1b. ISIN Preference Share: DE0007257537
2. Name of issuer: CEECONOMY AG

C. Specification of the General Meeting

1. Date of the General Meeting: 12/04/2022
2. Time of the General Meeting: 10:00 a.m. CEST (08:00 a.m. UTC)
3. Type of General Meeting: Virtual Extraordinary General Meeting without the physical presence of the shareholders or their proxies
4. Location of the General Meeting: <https://www.ceconomy.de/general-meeting>
Location of the General Meeting within the meaning of the German Stock Corporation Act:
Congress Center Düsseldorf, CCD Süd,
Stockumer Kirchstraße 61, 40474 Düsseldorf, Germany
5. Record Date: 22/03/2022, 0:00 a.m. CET (beginning of the 21st day prior to the General Meeting)
(21/03/2022; 11:00 p.m. UTC)
6. Website for the General Meeting (URL): <https://www.ceconomy.de/general-meeting>

CECONOMY AG

DÜSSELDORF

GERMAN SECURITIES ID ORDINARY SHARE 725 750

GERMAN SECURITIES ID PREFERENCE SHARE 725 753

ISIN ORDINARY SHARE DE 000 725 750 3

ISIN PREFERENCE SHARE DE 000 725 753 7

We hereby invite our shareholders
to the **Extraordinary General Meeting of CECONOMY AG**,
which will be held on **Tuesday, 12 April 2022**,
at **10:00 a.m. CEST**.

On the basis of Article 2 § 1 of the Act to Mitigate the Consequences of the COVID-19 Pandemic under Civil, Insolvency and Criminal Procedure Law ("**COVID-19 Act**"), the Extraordinary General Meeting will be held, in accordance with the resolution of the Management Board of 25 November 2021 and the approval of the Supervisory Board of 13 December 2021, as a

Virtual General Meeting

without the physical presence of shareholders and their proxies (for further details, please refer to the "Further information and instructions" section).

The entire General Meeting will be broadcast for duly registered shareholders or their proxies on the Company's website at

www.ceconomy.de/general-meeting

in the access-protected InvestorPortal both in audio and video.

The venue for the broadcast of the Extraordinary General Meeting and, thus, the location of the Extraordinary General Meeting for the purposes of the German Stock Corporation Act is the Congress Center Düsseldorf, CCD South, Stockumer Kirchstraße 61, 40474 Düsseldorf.

The shareholders and their proxies (with the exception of the proxies nominated by the Company) have no right or opportunity to be present at the venue of the General Meeting.

AGENDA

- 1. Cancellation of the resolution of the Annual General Meeting of CECONOMY AG of 17 February 2021 on Agenda Item 8 regarding (i) the increase of the capital stock of the Company by way of a capital increase against contribution in kind, excluding the statutory subscription rights of the shareholders, (ii) the issuance of convertible bonds in return for contributions in kind, excluding the statutory subscription rights of the shareholders, and the creation of a new Conditional Capital 2021/I as well as (iii) the associated amendments to the Articles of Association**

The resolution adopted by the Company's Annual General Meeting on 17 February 2021 under Agenda Item 8 served to implement the acquisition, transfer and contribution of the shares in Media-Saturn-Holding GmbH with its registered office in Ingolstadt, Germany, registered in the commercial register of the local court of Ingolstadt (*Amtsgericht Ingolstadt*) under HR B 1123 ("**MSH**"), held by Convergenta Invest GmbH, with its registered office in Bad Wiessee, district of Miesbach (*Landkreis Miesbach*), Germany, registered in the commercial register of the local court of Munich (*Amtsgericht München*) under HR B 188629 ("**Convergenta**"). The resolution contained, in more detail, the adoption of a resolution on (i) the increase of the capital stock of CECONOMY AG by way of a mixed capital increase against contributions in kind, excluding the statutory subscription rights of the shareholders of the Company ("**Shareholders**"), (ii) the issuance of convertible bonds against mixed contributions in kind, excluding the statutory subscription rights of the Shareholders, and the creation of a new Conditional Capital 2021/I as well as (iii) the associated amendments to the Articles of Association.

Several shareholders filed actions for rescission and annulment against the resolution adopted on 17 February 2021 under Agenda Item 8. In response to this, CECONOMY AG initiated clearance proceedings (*Freigabeverfahren*) under stock corporation law before the Düsseldorf Higher Regional Court (*Oberlandesgericht Düsseldorf*) and applied for a declaratory judgment that the filing of the actions did not prevent the registration of the capital increases resolved under Agenda Item 8 in the commercial register of CECONOMY AG. On 8 July 2021, the Higher Regional Court of Düsseldorf expressed its preliminary legal views in the clearance proceedings regarding Agenda Item 8 of the Annual General Meeting of CECONOMY AG on 17 February 2021. In the court's opinion, the increase of the capital stock requires a special resolution of the holders of ordinary as well as of the preference shares in order to become effective, provided that the holders of preference shares are temporarily entitled to a voting right due to the non-payment of dividends. Based on the resolution passed at the Company's Annual General Meeting on 9 February 2022, the holders of preference shares were paid all dividends payable in arrears in addition to the dividend for the financial year 2020/21. The voting rights of the holders of preference shares have thus lapsed and a special resolution of the holders of ordinary and of preference shares on the increase of the capital stock is no longer necessary, even according to the aforementioned legal view of the Higher Regional Court of Düsseldorf.

Against this background, the aforementioned transaction is again submitted to the General Meeting for the adoption of a resolution under Agenda Item 2. The previous resolution of the Annual General Meeting of 17 February 2021 on Agenda Item 8 is therefore to be cancelled.

The Management Board and Supervisory Board therefore propose to resolve that the resolution of the Annual General Meeting of CECONOMY AG of 17 February 2021 on Agenda Item 8 regarding (i) the increase of the capital stock of the Company by way of a capital increase against contribution in kind, excluding the statutory subscription rights of the Shareholders, (ii) the issuance of convertible bonds in return for contributions in kind, excluding the statutory subscription rights of the shareholders, and the creation of a new Conditional Capital 2021/I as well as (iii) the associated amendments to the Articles of Association be cancelled in its entirety.

- 2. Adoption of a resolution on (i) the increase of the capital stock of the Company by way of a capital increase against contribution in kind, excluding the statutory subscription rights of the Shareholders, (ii) the issuance of convertible bonds in return for contributions in kind, excluding the statutory subscription rights of the shareholders, and the creation of a new Conditional Capital 2022/I as well as (iii) the associated amendments to the Articles of Association**

On 14 December 2020, the Company entered into an agreement with Convergenta (as amended by amendment agreement dated 9 November 2021) in which the parties agreed, subject to a corresponding resolution by the

general meeting of the Company, among other things, on the acquisition, transfer and contribution of the shares in MSH held by Convergenta by and to the Company ("**Agreement**").

MSH is a fully consolidated subsidiary of the Company indirectly held by the Company through its wholly owned subsidiary CECONOMY Retail GmbH, having its registered office in Düsseldorf, Germany, registered in the commercial register of the local court of Düsseldorf (*Amtsgericht Düsseldorf*) under HR B 44806 ("**CECONOMY Retail**"), in which the Company's operational business activities are concentrated.

The issued share capital of MSH amounts to DM 70,000,000.00 and is divided into 34 shares. The sole shareholders of MSH are CECONOMY Retail, with a share of approximately 78.38% of the share capital, and Convergenta with a share of approximately 21.62% of the share capital.

The Agreement provides that Convergenta will 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 (in the sense of joint ownership according to § 18 of the German Limited Liability Companies Act (*GmbH-Gesetz* – GmbHG)) accruing to Convergenta and with 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 the "**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 against contribution in kind, and (ii) the issuing of convertible bonds against contribution in kind by the Company to a total principal value of EUR 151,000,000.00 and (iii) a cash payment of EUR 130,000,000.00 to Convergenta (together the "**Transaction**").

In light of the Company's additional payment obligation, the contribution of the Contribution Shares in connection with the capital increase against contribution in kind and the issue of the convertible bonds will take place by way of a mixed contribution in kind. The subscription right of the Shareholders is to be excluded. Closing of the Transaction is subject to the adoption of a corresponding resolution by the Company's General Meeting.

Management Board and Supervisory Board propose that the following resolution be adopted:

1. Increase of the Company's capital stock by way of a capital increase against contribution in kind, excluding the statutory subscription right of the Shareholders

- a) The Company's capital stock of currently EUR 918,845,410.90, which – subject to the conversion of the preference shares into ordinary shares in accordance with Agenda Item 4 becoming effective – is divided into 356,743,118 no-par value ordinary bearer shares and 2,677,966 no-par value non-voting bearer preference shares, with each such share representing a pro rata amount of the capital stock of approximately EUR 2.56, is increased by EUR 321,602,593.27 to EUR 1,240,448,004.17 by issuing 125,800,000 new no-par value ordinary bearer shares, with each such share representing a pro rata amount of the capital stock of approximately EUR 2.56 and full dividend entitlements as of 1 October 2021 ("**New Shares**"), in return for a contribution in kind ("**Capital Increase against Contribution in Kind**"). The New Shares will be issued at the lowest issue price. The equity investment value of the contribution in kind exceeding the issue price of the New Shares will be allocated to the capital reserves in accordance with § 272 (2) no. 4 of the German Commercial Code (*Handelsgesetzbuch* – HGB) to the extent permissible.
- b) The statutory subscription right of the Shareholders to the New Shares is excluded. The New Shares will be issued for the purpose of acquiring the Contribution Shares.
- c) The Management Board is authorised, with the consent of the Supervisory Board, to determine the further details of the implementation of the Capital Increase against Contribution in Kind.
- d) The resolution on the Capital Increase against Contribution in Kind will become invalid if the implementation of the Capital Increase against Contribution in Kind has not been entered in the commercial register by the end of 12 October 2022. If this resolution is contested before the courts, the validity of this resolution is extended by the duration of the relevant court proceedings.

2. Issue of convertible bonds against contribution in kind, excluding the statutory subscription right of the Shareholders

a) The Company issues convertible bonds with a total nominal value of EUR 151,000,000.00 divided into 1,510 bearer bonds ranking pari passu among themselves, each with a nominal value of EUR 100,000.00 ("**Convertible Bonds**"), in return for a contribution in kind. The Convertible Bonds grant their holders conversion rights initially to a total of up to 27,859,778 new no-par value ordinary bearer shares of the Company, with each such share representing a pro rata amount of the capital stock of approximately EUR 2.56 ("**Convertible Shares**"), for the issuance of which the Conditional Capital 2022/I (as defined below) is to be created.

b) The statutory subscription right of the Shareholders to the Convertible Bonds is excluded. The Convertible Bonds will be issued for the purpose of acquiring the Contribution Shares.

c) The Convertible Bonds will have the following material features:

a. Nominal value and division

The total nominal value of the Convertible Bonds is EUR 151,000,000.00 (in words: Euro one hundred fifty-one million), divided into 1,510 partial bearer bonds ranking pari passu among themselves, each with a nominal value of EUR 100,000.00 ("**Principal Amount**").

b. Issue price and conversion premium

The issue price of the Convertible Bonds corresponds to their Principal Amount. The original conversion premium amounts to 30% above the reference price of EUR 4.17, which corresponds to the volume-weighted average price over the last three months of the Company's share in Xetra trading (Bloomberg) before 14 December 2020.

c. Status

The Convertible Bonds constitute unsubordinated and unsecured obligations of the Company and will rank pari passu among themselves and with all other unsecured and unsubordinated obligations of the Company, save for such obligations as may be preferred by mandatory provisions of law.

d. Interest

Interest of 0.05% p.a. is payable on the Convertible Bonds.

e. Term

The Convertible Bonds have a term of five (5) years from the Issue Date (as defined below), subject to early termination. The Convertible Bonds will be repaid at their Principal Amount.

f. Conversion Right, Conversion Price and conversion ratio, exercise of the Conversion Right

The Company grants each holder of Convertible Bonds the right ("**Conversion Right**") to convert each Convertible Bond in full, but not in part, into Convertible Shares on any business day during the Exercise Period (as defined below).

The conversion price for each Convertible Share ("**Conversion Price**") is EUR 5.42 for each Convertible Share, subject to an adjustment in accordance with the terms and conditions of the Convertible Bonds ("**Terms and Conditions**"). The conversion ratio equals the nominal amount of a Convertible Bond divided by the Conversion Price applying on the conversion date. Any remaining fractional amounts are settled in cash.

The Conversion Right for the Convertible Bonds may be exercised by a holder of Convertible Bonds at any time from the 40th day after the date of their issue ("**Issue Date**") until ten (10) trading days prior to their final maturity date (including both days) ("**Conversion Period**"), subject to certain exclusion periods or early termination.

g. Provision of Convertible Shares; dividends

The Convertible Shares to be granted for the Convertible Bonds upon exercise of the Conversion Right will be issued from the Conditional Capital 2022/1 (as defined below) after the conversion is performed. The Terms and Conditions may also provide for the provision of existing shares. The Convertible Shares are entitled to dividends from the start of the fiscal year of the Company for which no resolution of the General Meeting on the appropriation of profits has been adopted at the time they come into being by virtue of the exercise of Conversion Rights and for all subsequent fiscal years of the Company.

h. Dilution protection

Notwithstanding § 9 (1) of the German Stock Corporation Act (*Aktiengesetz* – AktG) and § 199 (2) of the German Stock Corporation Act, the Conversion Price will be adjusted to preserve value in accordance with the more detailed provisions of the Terms and Conditions if the Company increases the share capital before the end of the Conversion Period granting subscription rights to its Shareholders (rights issue) or issues or guarantees further securities with subscription, option or conversion rights and the holders of Convertible Bonds are not granted any subscription right in this context to the extent they would be entitled to after exercising the Conversion Right. The same applies in the event of other capital-related measures or other similar measures, including dividend payments by the Company, that may lead to a dilution of the value of the issued shares in the Company (other than the Capital Increase against Contributions in Kind proposed under No. 1 of this resolution).

i. Termination by holders of Convertible Bonds

Each holder of Convertible Bonds is entitled in certain cases defined in the Terms and Conditions to terminate all its claims under the Convertible Bonds and to call them in by submitting a notice of termination to the Company and to request redemption at the Principal Amount.

j. Early redemption at the option of a holder of Convertible Bonds in the event of a change of control or merger

If the Company announces a change of control or merger, each holder of Convertible Bonds is entitled at its option to request the Company to redeem at their Principal Amount individual Convertible Bonds or all of its Convertible Bonds for which the Conversion Right has not been exercised and which were not called in for early redemption.

- d)** The Management Board is authorised, with the consent of the Supervisory Board, to determine further features of the Convertible Bonds and further details of the Terms and Conditions as well as further details of the issuance of the Convertible Bonds.

3. Nature of the contribution in kind and admission to subscription

- a)** As contribution in kind for the Capital Increase against Contribution in Kind and the issuance of the Convertible Bonds, Convergenta is required to contribute to the Company the Contribution Shares, i.e., (i) the twelve (12) shares held by it in MSH with serial numbers 16 to 27 and (ii) the partial right to the share in MSH with serial number 34 jointly held with CECONOMY Retail accruing to Convergenta with 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 (“**Contribution in Kind**”).
- b)** Convergenta will be exclusively admitted to subscribe to the New Shares and the Convertible Bonds.

4. Additional cash payment obligation of the Company

In addition to the issuance of the New Shares and Convertible Bonds, the Company is required to make a cash payment to Convergenta totalling EUR 130,000,000.00, payable in two tranches, as consideration for contribution of the Contribution Shares. The Capital Increase against Contribution in Kind and the issuance of the Convertible Bonds are made by way of a mixed Contribution in Kind in view of this additional payment obligation of the Company extending beyond the granting of the New Shares and Convertible Bonds.

5. Creation of Conditional Capital 2022/I

- a) The Company's capital stock is conditionally increased by up to EUR 89,476,079.21 by issuing up to 35,000,000 new no-par value ordinary bearer shares of the Company, with each such share representing a pro rata amount of the capital stock of approximately EUR 2.56 ("**Conditional Capital 2022/I**"). The purpose of the Conditional Capital 2022/I is solely to grant shares to the holders of Convertible Bonds issued in accordance with this resolution. The new shares may only be issued at a Conversion Price that meets the requirements of this resolution.
- b) The new shares from the Conditional Capital 2022/I will be issued to the holders of the Convertible Bonds in return for a contribution in kind. As Contribution in Kind for the issue of the Convertible Bonds and the Capital Increase against Contributions in Kind, Convergenta is required to contribute to the Company the Contribution Shares, i.e., (i) the twelve (12) shares held by it in MSH with serial numbers 16 to 27 and (ii) the partial right to the share in MSH with serial number 34 jointly held with CECONOMY Retail accruing to Convergenta with 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. As consideration for this Contribution in Kind, the Company will grant Convergenta a mixed cash and non-cash consideration which according to this resolution consists of a cash payment of EUR 130,000,000.00, in addition to the issuance of the New Shares and the issuance of the Convertible Bonds.
- c) The conditional capital increase will only be performed to the extent that the holders of the Convertible Bonds make use of their Conversion Rights and only to the extent that existing shares or other forms of performance are not used for settlement. The new shares are entitled to dividends from the start of the fiscal year for which no resolution of the General Meeting on the appropriation of the net result has been adopted at the time they come into being by virtue of the exercise of Conversion Rights.
- d) The Management Board is authorised, with the consent of the Supervisory Board, to determine the further details of the conditional capital increase and its implementation.

6. Amendments to the Articles of Association

- a) § 4 (1) and (2) of the Articles of Association of the Company ("**Articles of Association**") are amended and revised as follows to reflect the Capital Increase Against Contribution in Kind:

"(1) The Company's capital stock amounts to 1,240,448,004.17 euros.

(2) The capital stock is divided into 482,543,118 ordinary shares and 2,677,966 non-voting preference shares."

In deviation therefrom, if the conversion of the preference shares into ordinary shares proposed under Agenda Item 4 becomes effective prior to the Capital Increase Against Contribution in Kind, § 4 (2) of the Articles of Association is amended and revised as follows:

"(2) The capital stock is divided into 485,221,084 ordinary shares."

- b) A new § 4 (9) with the following wording is included in the Articles of Association:

"(9) The Company's capital stock is conditionally increased by up to 89,476,079.21 euros, divided into up to 35,000,000 ordinary bearer shares (Conditional Capital 2022/I). The purpose of the conditional capital increase is exclusively to grant shares to the holders of convertible bonds that are issued in return for contributions in kind pursuant to the resolution of the General Meeting of 12 April 2022 under Agenda Item 2. The new shares may only be issued at a conversion price that meets the requirements of the resolution of the General Meeting of 12 April 2022 under Agenda Item 2.

The new shares from the Conditional Capital 2022/I are issued to the holders of the convertible bonds in return for contributions in kind (i) for the convertible bonds and (ii) for the capital increase by EUR 321,602,593.27 resolved according to the resolution of the General Meeting of 12 April 2022 under Agenda Item 2. As contribution in kind, Convergenta Invest GmbH, with its registered office in Bad Wiessee, district of Miesbach (*Landkreis Miesbach*), Germany, registered in the commercial register of the local court of Munich (*Amtsgericht München*) under registration number HR B 188629, has

contributed to the Company the twelve (12) shares with serial numbers 16 to 27 held by it in Media-Saturn-Holding GmbH, with its registered office in Ingolstadt, Germany, registered in the commercial register of the local court of Ingolstadt (*Amtsgericht Ingolstadt*) under registration number HR B 1123 as well as the partial right to the share in Media-Saturn-Holding GmbH with serial number 34 jointly held with CECONOMY Retail GmbH (in the sense of joint ownership according to § 18 of the German Limited Liability Companies Act (*GmbH-Gesetz* – GmbHG)) accruing to Convergenta Invest GmbH and with a pro rata amount of the share capital of Media-Saturn-Holding GmbH of DM 17.00. As consideration for this contribution in kind, the Company grants Convergenta Invest GmbH a mixed cash and non-cash consideration which according to the above resolution of the General Meeting consists of a cash payment of EUR 130,000,000.00, in addition to the issuance of the new shares and of the convertible bonds.

The conditional capital increase is to be performed only to the extent that the holders of the convertible bonds make use of their conversion rights and only to the extent that existing shares or other forms of performance are not used for settlement. The new shares are entitled to dividends from the start of the fiscal year for which no resolution of the General Meeting on the appropriation of the net result has been adopted at the time they come into being by virtue of the exercise of conversion rights.

The Management Board is authorised, with the consent of the Supervisory Board, to determine the further details of the conditional capital increase and its implementation.”

7. Authorisation to Amend the Articles of Association

The Supervisory Board is authorised to make adjustments to the wording of § 4 (1), (2) and (9) of the Articles of Association to reflect the respective utilisation of Conditional Capital 2022/I and to conduct all other related amendments to the Articles of Association which merely concern the wording of the latter. In the event that Conditional Capital 2022/I is not utilised, the same applies after the expiry of the periods for the exercise of Conversion Rights.

8. Report of the Management Board

The Management Board has provided a written report on the reasons for the exclusion of the subscription right to the New Shares and the Convertible Bonds pursuant to § 186 (4) sent. 2 and §§ 221 (4) sent. 2, 186 (4) sent. 2 German Stock German Corporation Act. The report is printed below the Agenda and is available on the Company’s website at www.ceconomy.de/general-meeting from the time of convening of the General Meeting.

3. Appointment of the auditor for any closing balance sheets required under the German Transformation Act

The Supervisory Board proposes the following, upon recommendation of its Audit Committee:

As a precautionary measure, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, is appointed as auditor of any closing balance sheets of the Company required under the German Transformation Act (*Umwandlungsgesetz* – UmwG).

In accordance with Article 16 (2) sub-para. 3 of the EU-Regulation on Statutory Audit (Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014), the Audit Committee has stated that its recommendation is free from influence by a third party and that no restriction of the choice of a particular auditor (Article 16 (6) of the EU-Regulation on Statutory Audit) has been imposed upon it.

4. Conversion of the non-voting preference shares into ordinary shares with voting rights by cancelling the preferential right to profits and by making corresponding amendments to the Articles of Association

The capital stock of CECONOMY AG currently amounts to EUR 918,845,410.90 – subject to the capital increase against contribution in kind in accordance with Agenda Item 2 No. 1 becoming effective – and is divided into 356,743,118 ordinary shares with voting rights and 2,677,966 non-voting preference shares. The shares are made out to the bearer. It is intended to convert all non-voting preference shares of the Company into ordinary bearer shares with voting rights, including a cancellation the preferential right to profits, with the consequence that CECONOMY AG will then only have one class of shares. In addition to the cancellation of the preferential right

to profits, adjustments to the relevant provisions of the Articles of Association in § 4 (2), (3), (4) and (5), § 16 (1) sent. 1, § 18 (4) and § 21 must also be resolved.

4.1 Resolution of the General Meeting

Management Board and Supervisory Board therefore propose to resolve as follows:

- a) The non-voting preference shares are converted into ordinary bearer shares with voting rights, with a cancellation of the preferential right to profits provided for in §§ 4 (4), 21 of the Articles of Association.
- b) The Articles of Association are amended as follows:
 - aa) § 4 (2) and (3) of the Articles of Association are amended and revised as follows:
 - “(2) The capital stock is divided into 359,421,084 ordinary shares.
 - (3) The ordinary shares are made out to the bearer.”

If the capital increase against contribution in kind proposed under Agenda Item 2 No. 1 becomes effective prior to the conversion of the preference shares into ordinary shares, § 4 (2) of the Articles of Association is amended and revised as follows:

“(2) The capital stock is divided into 485,221,084 ordinary shares.”

- bb) § 4 (4) and (5) of the Articles of Association are each deleted without replacement and remain unused for the time being.
- cc) § 16 (1) sent. 1 of the Articles of Association is amended and revised as follows:
 - “Holders of ordinary shares are entitled to participate in the meeting and to exercise their voting rights if they have registered for the meeting in advance.”
- dd) § 18 (4) is deleted without replacement.
- ee) § 21 of the Articles of Association is amended and revised as follows:
 - “The General Meeting shall resolve on the appropriation of the balance sheet profits resulting from the approved annual financial statements.”

4.2 Special resolution of the holders of ordinary shares on the resolution of the General Meeting under Agenda Item 4.1 regarding the approval of the conversion of the preference shares into ordinary shares by cancelling the preferential right to profits

Under Agenda Item 4.1, Management Board and Supervisory Board propose to the General Meeting that the non-voting preference shares of the Company be converted into voting ordinary shares by cancelling the preferential right to profits and that the Articles of Association of the Company be amended accordingly.

Management Board and Supervisory Board propose that this resolution of the General Meeting be approved by way of a special resolution of the holders of ordinary shares as follows:

The holders of ordinary shares approve the resolution of the General Meeting of today on the conversion of all preference shares into ordinary shares, with a cancellation of the preferential right to profits and the related amendments to the Articles of Association (Agenda Item 4.1 of the General Meeting of today).

5. Cancellation of the existing authorised capital and creation of a new Authorised Capital 2022/I (including the option of excluding subscription rights) and corresponding revision of § 4 (7) of the Articles of Association

In § 4(7) the Articles of Association currently contain an authorisation of the Management Board to increase, with the consent of the Supervisory Board, the capital stock of the Company, on one or more occasions, on or before 12 February 2024 by issuing new ordinary bearer shares in exchange for contributions in cash or in kind up to a maximum amount of 321,600,000 euros.

In order to ensure that the Company remains flexible in the future to strengthen its equity base through the use of authorised capital if required and that it also has the option of a simplified exclusion of subscription rights in this regard in the future, the existing authorised capital in § 4 (7) of the Articles of Association is to be replaced by a new authorised capital with, in principle, the same content and the same amount (Authorised Capital 2022/I) and with a term ending on 11 April 2027.

Therefore, Management Board and Supervisory Board propose that the following be resolved:

a) Cancellation of the existing authorised capital

The currently existing authorisation to increase the capital stock with the option of excluding the subscription rights of shareholders pursuant to § 4 (7) of the Company's Articles of Association, granted by the General Meeting of 13 February 2019 and limited until 12 February 2024, is cancelled upon the new authorised capital pursuant to lit. b) below becoming effective.

b) Creation of an authorised capital with the option of excluding the shareholders' subscription right by revising § 4 (7) of the Articles of Association accordingly

A new authorised capital in the amount of up to 321,600,000 euros is created (Authorised Capital 2022/I). For this purpose, § 4 (7) of the Articles of Association of the Company is revised as follows:

"The Management Board is authorised, with the consent of the Supervisory Board, to increase the capital stock of the Company, on one or more occasions, on or before 11 April 2027 by issuing new ordinary bearer shares in exchange for contributions in cash and/or in kind by up to a maximum amount of 321,600,000 euros (Authorised Capital 2022/I). As a general rule, the shareholders are entitled to subscription rights in this respect.

Pursuant to § 186 (5) sent. 1 German Stock Corporation Act, the new ordinary shares may also be taken over by one or more credit institution(s) designated by the Management Board or by one or more companies operating in accordance with § 53 (1) sent. 1 or § 53b (1) sent. 1 or (7) of the German Banking Act (*Gesetz über das Kreditwesen* – KWG), subject to the obligation to offer them to the shareholders for subscription (so-called indirect subscription right).

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

- (1) for the compensation of fractional amounts;
- (2) if the ordinary shares are issued against contributions in kind for the purpose of corporate mergers or for the acquisition (also indirectly) of companies, divisions of companies, operational activities, branches of activity or company interests and the pro rata amount attributable to the new ordinary shares issued subject to an exclusion of subscription rights does not exceed a total of 10 percent of the capital stock existing at the time this authorisation becomes effective;
- (3) to implement a so-called scrip dividend, in which case the shareholders are offered to contribute their claim for payment of the dividend to the Company (in whole or in part), as contribution in kind against granting of new shares from the authorised capital;
- (4) in the event of a capital increase in exchange for cash contributions to the extent necessary to grant subscription rights to new ordinary shares to the holders of warrant or convertible bonds issued by the Company or such affiliates in which the Company holds at least 90 percent of the shares, directly or indirectly, in the scope to which they would be entitled upon exercise of the warrant or conversion right or fulfilment of the warrant or conversion obligation, or upon exercise of a substitution right of the Company as shareholder;
- (5) in the case of capital increases against cash contributions, if the pro rata amount of the capital stock attributable to the new ordinary shares issued subject to an exclusion of subscription rights in accordance with § 186 (3) sent. 4 German Stock Corporation Act does not exceed a total of 10 percent of the capital stock, either at the time this authorisation becomes effective or – if this value is lower – at the time it is exercised, and if in each case the issue price of the new ordinary shares is not

significantly falling short – within the meaning of §§ 203 (1) and (2), 186 (3) sent. 4 of the German Stock Corporation Act – of the stock exchange price of the ordinary shares of the Company with the same features already listed. The limit of 10 percent of the capital stock is diminished by the portion of the capital stock attributable to the Company's ordinary shares which during the term of the authorised capital (i) are issued or disposed of as treasury shares subject to an exclusion of the shareholders' subscription rights in application, direct or *mutatis mutandis*, of § 186 (3) sent. 4 German Stock Corporation Act, or (ii) are issued from conditional capital to settle warrant or convertible bonds which themselves were or are issued without subscription rights in application, *mutatis mutandis*, of § 186 (3) sent. 4 German Stock Corporation Act.

In total, ordinary shares issued against contributions in cash or in kind in accordance with this authorisation subject to an exclusion of the shareholders' subscription rights in accordance with No. 2 or 5 may not amount to more than 10 percent of the capital stock existing at the time the authorisation becomes effective. Ordinary shares that are issued subject to an exclusion of the subscription right in direct or analogous application of § 186 (3) sent. 4 German Stock Corporation Act, or which are issued for the fulfilment of warrant or convertible bonds which themselves are issued during the term of the authorisation subject to an exclusion of the subscription right in analogous application of § 186 (3) sent. 4 German Stock Corporation Act, are to be counted towards this maximum limit.

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

The Supervisory Board is authorised to amend § 4 of the Articles of Association in accordance with the implementation of each capital increase from the Authorised Capital 2022/I and after expiry of the authorisation period.

6. Authorisation for the acquisition and use of treasury shares pursuant to § 71 (1) no. 8 German Stock Corporation Act, also subject to an exclusion of the subscription right, with the cancellation of the existing authorisation

The authorisation granted to the Management Board by the General Meeting of 13 February 2019 to acquire and use treasury shares is limited until 12 February 2024. The authorisation is to be renewed so that the Company has such authorisation at all times.

Therefore, Management Board and Supervisory Board propose that the following be resolved:

- a) The currently existing authorisation for the acquisition and utilisation of treasury shares resolved by the General Meeting of 13 February 2019, which is limited until 12 February 2024, is cancelled upon the new authorisation below becoming effective.
- b) The Company is authorised pursuant to § 71 (1) no. 8 German Stock Corporation Act, until 11 April 2027, to acquire shares of the Company, regardless of their class, in an extent of up to 10 percent of the capital stock existing at the point in time of this authorisation becoming effective or – if this value is lower – of the capital stock existing at the point in time of the exercise of this authorisation. Together with any treasury shares that may have been acquired for other reasons and that are either held by the Company or have to be attributed to the Company under §§ 71a et seqq. German Stock Corporation Act, shares acquired based on this authorisation may at no time exceed ten percent of the Company's capital stock at such point in time. In each individual case, the acquisition is to be conducted, at the choice of the Management Board, (i) through the stock exchange or (ii) by means of a purchase offer addressed to all shareholders.
 - aa) To the extent that the acquisition is conducted through the stock exchange, the purchase price per share (without ancillary acquisition costs) paid by the Company may not exceed or fall short of, by more than 10 percent, the arithmetic mean of the auction closing prices of shares of the same class of the Company in Xetra trading (or a functionally comparable successor system to the Xetra system) at the Frankfurt Stock Exchange on the last three exchange trading days before the commitment to acquire.
 - bb) To the extent that the acquisition is conducted through a purchase offer addressed to all shareholders, the purchase price per share (without ancillary acquisition costs) offered and paid by

the Company may not exceed or fall short of, by more than 10 percent, the arithmetic mean of the auction closing prices of shares of the same class of the Company in Xetra trading (or a functionally comparable successor system to the Xetra system) at the Frankfurt Stock Exchange on the last three exchange trading days before the date of the publication of the offer. In the event that a significant change in the share price occurs after the publication of the offer, the offer may be adjusted. In this case, the relevant reference period is the three exchange trading days before the date of the publication of the adjustment; the 10-percent-limit for the exceeding or falling short is to be applied to this amount. In the event that the purchase offer is oversubscribed, the acquisition may be conducted in accordance with the proportion of the shareholdings held by the tendering shareholders to each other (shareholding quotas) or in accordance with the proportion of the tendered shares (tendering quotas). In addition, for the avoidance of calculational fractions of shares, rounding may be applied. A preferential acceptance of small numbers of shares (up to 50 tendered shares per shareholder) may be provided for. The purchase offer may provide for additional requirements.

The authorisation may be exercised, in compliance with statutory requirements, for any legally permissible purpose, in particular in pursuit of one or several of the purposes specified in lit. c). No trading in treasury shares is permitted.

- c) The Company is authorised to use treasury shares that were or are acquired on the basis of the authorisation in lit. b) or on the basis of an authorisation granted earlier for all legally permissible purposes, in particular also for the following:
- aa) Disposal of shares of the Company (i) through the stock exchange or (ii) through an offer to all shareholders;
 - bb) Listing of shares of the Company on foreign stock exchanges on which they have not been admitted for trading so far. The initial price of these shares may not fall short, by more than 5 percent, of the arithmetic mean of the auction closing prices of the already listed shares of the Company with the same features in Xetra trading (or a functionally comparable successor system to the Xetra system) at the Frankfurt Stock Exchange on the last 5 exchange trading days before the date of the stock exchange listing, not including ancillary acquisition costs;
 - cc) Transfer of shares of the Company to third parties against consideration in kind in the course of corporate mergers or for the acquisition (also indirectly) of companies, divisions of companies, operational activities, branches of activity, company interests or other assets;
 - dd) Disposal of shares of the Company in a manner other than through the stock exchange or by way of an offer to all shareholders, provided that the disposal is made against cash payment and at a price not significantly falling short of the stock market price of the already listed shares of the Company with the same features at the point in time of the disposal. This authorisation is limited to the disposal of shares representing, on aggregate, a pro-rata amount of no more than 10 percent of the capital stock at the point in time of this authorisation becoming effective or – if that value is lower – at the point in time of the exercise of this authorisation. To this limit of 10 percent of the capital stock such portion of the capital stock is to be credited which is (i) attributable to shares of the Company which during the term of this authorisation are issued or disposed of subject to an exclusion of the shareholders' subscription rights in application, directly or *mutatis mutandis*, of § 186 (3) sent. 4 German Stock Corporation Act, and (ii) which is attributable to shares of the Company which are issued or have to be issued during the term of this authorisation to settle warrant or convertible bonds which themselves were issued subject to an exclusion of subscription rights in application, *mutatis mutandis*, of § 186 (3) sent. 4 German Stock Corporation Act;
 - ee) Delivery of shares to the holders of warrant or convertible bonds of the Company or its Group companies as defined in § 18 German Stock Corporation Act in accordance with the warrant or convertible bond conditions; this shall also apply to the delivery of shares as a result of the exercise of subscription rights which in the case of a disposal of treasury shares by means of an offer to all shareholders or in the case of a capital increase with subscription rights may be granted to the holders of warrant or convertible bonds of the Company or its Group companies as defined in § 18

German Stock Corporation Act, to the extent to which the holders of the warrant or convertible bonds would be entitled to a subscription right for shares of the Company upon exercise of the warrant or conversion right or fulfilment of the warrant or conversion obligation. On aggregate, the shares transferred as a result of this authorisation may not represent a pro-rata amount of more than 10 percent of the capital stock at the point in time of this authorisation becoming effective or – if this value is lower – at the point in time of the exercise of this authorisation, provided that the shares are used for the fulfilment of warrant or conversion rights or warrant or conversion obligations which were granted or created in application, *mutatis mutandis*, of § 186 (3) sent. 4 German Stock Corporation Act. This limit of 10 percent of the capital stock is to be diminished by such portion of the capital stock attributable to shares of the Company which during the term of this authorisation are issued or disposed of as treasury shares in application, directly or *mutatis mutandis*, of § 186 (3) sent. 4 German Stock Corporation Act;

- ff) Implementation of a so-called *scrip dividend*, in the course of which shares of the Company are used (also in part or in the form of an option) for the fulfilment of the dividend entitlements of the shareholders;
- gg) Redemption of shares of the Company without a further resolution of the General Meeting. The redemption may also be conducted without a capital reduction by increase of the pro-rata amount of the other no-par value shares in the capital stock of the Company. In this case, the Management Board is authorised to adjust the number of no-par value shares in the Articles of Association.

All of the authorisations stated above for the acquisition and for the utilisation of treasury shares acquired as a result of this or an earlier authorisation may be exercised in whole or in part, on one or more occasions, individually or jointly by the Company or its Group companies as defined in § 18 German Stock Corporation Act or for its or their account by third parties. All of the authorisations stated above may be exercised for the acquisition and for the utilisation of both ordinary shares and preference shares or for the acquisition and for the utilisation merely of ordinary shares or merely of preference shares. The utilisation of treasury shares pursuant to the authorisations in lit. bb), cc), dd), ee), ff) and gg) requires the consent of the Supervisory Board. In case of a utilisation of treasury shares pursuant to the authorisations in lit. aa) (i), bb), cc), dd) and ee), the subscription right of the shareholders is excluded. In case of utilisation of treasury shares pursuant to the authorisation in lit. aa) (ii) by way of an offer to all shareholders, which is made in observance of the principle of equal treatment (§ 53a German Stock Corporation Act), the Management Board is authorised to exclude the shareholders' subscription right for fractional amounts. In addition, the Management Board is authorised to exclude the subscription right in the case of a utilisation of treasury shares pursuant to the authorisation in lit. ff).

The above authorisations become effective upon registration of the Capital Increase against Contribution in Kind resolved under Agenda Item 2 No. 1, but irrespective thereof no later than on 12 October 2022.

7. Authorisation for the use of derivatives in the course of the acquisition of treasury shares as well as for the exclusion of the subscription and tendering right

By way of supplement to the authorisation for the acquisition of treasury shares pursuant to § 71 (1) no. 8 German Stock Corporation Act proposed to be resolved under Item 6 of this Agenda, the Company is to be authorised to acquire treasury shares also by using derivatives and to enter into corresponding derivatives transactions.

Therefore, Management Board and Supervisory Board propose that the following be resolved:

- a) The acquisition of treasury shares pursuant to § 71 (1) no. 8 German Stock Corporation Act within the scope of the authorisation pursuant to Agenda Item 6 lit. b) may also be conducted using (i) options to be sold which oblige the Company to acquire shares of the Company upon exercise of the option ("**Put Options**"), (ii) options to be acquired which give the Company the right to acquire shares of the Company upon exercise of the option ("**Call Options**"), (iii) forward purchase contracts for shares of the Company for which there is a time lag of more than two exchange trading days between the conclusion of the respective purchase contract and the delivery of the acquired shares ("**Forward Purchases**") or (iv) combinations of the instruments specified under (i) through (iii) (Put Options, Call Options, Forward Purchases, and combinations of the aforementioned instruments collectively referred to as "**Derivatives**").

The Derivatives may be entered into only with one or more credit institution(s) which is/are independent from the Company and/or one or more companies operating in accordance with § 53 (1) sent. 1 or § 53b (1) sent. 1 or (7) of the German Banking Act (*Gesetz über das Kreditwesen*). The Derivatives have to be structured in such manner that it is ensured that they are only fulfilled by delivery of shares which were previously acquired in observance of the principle of equal treatment (§ 53a German Stock Corporation Act); for this purpose, it suffices if the acquisition of the shares is conducted through the stock exchange. The acquisition using Derivatives is limited to shares in an amount of no more than 5 percent of the capital stock existing at the point in time of this authorisation taking effect or – if that value is lower – at the point in time of the exercise of this authorisation. In each case, the term of the individual Derivatives may not be more than 18 months, has to end no later than on 11 April 2027, and has to be designed in such manner that the acquisition of the shares using the Derivatives cannot occur after 11 April 2027.

The option premium received by the Company for Call Options and Put Options may not fall short significantly of the theoretical market value of the relevant options determined in accordance with generally accepted financial mathematical calculation methods. The purchase price per share payable upon exercise of Put Options or Call Options or upon falling due of the Forward Purchase may not exceed or fall short of, by more than 10 percent, the arithmetic mean of the auction closing prices of shares of the same class of the Company in Xetra trading (or a functionally comparable successor system to the Xetra system) at the Frankfurt Stock Exchange on the last three exchange trading days before the conclusion of the relevant derivative transaction (in each case without ancillary acquisition costs, but taking into account the option premium received or, respectively, paid).

- b) If treasury shares are acquired using Derivatives in accordance with the above provisions, any right of shareholders to enter into such Derivatives transactions with the Company and any right of shareholders to tender their shares shall be excluded.
- c) With regard to the utilisation of treasury shares of the Company that were acquired using Derivatives the provisions stipulated in the resolution proposal regarding Agenda Item 6 apply.

The above authorisation becomes effective upon registration of the Capital Increase against Contribution in Kind resolved under Agenda Item 2 No. 1, but irrespective thereof no later than on 12 October 2022.

8. Cancellation of the existing authorisation for the issue of warrant and/or convertible bonds of 13 February 2019, as well as granting of a new authorisation for the issue of warrant and/or convertible bonds with the option of an exclusion of the subscription right for these warrant and/or convertible bonds as well as creation of a new Conditional Capital 2022/II and cancellation of the existing conditional capital and corresponding revision of § 4 (8) of the Articles of Association

The Management Board has been authorised by resolution of the General Meeting of 13 February 2019 to issue, with the approval of the Supervisory Board, warrant and/or convertible bonds made out to the bearer, on one or more occasions, on or before 12 February 2024, with a total nominal amount of up to 1,000,000,000 euros – with or without a limitation of their term – and to grant or impose, as applicable, warrant rights or obligations to/on the holders of warrant bonds or, respectively, conversion rights or obligations to/on the holders of convertible bonds for ordinary shares of CECONOMY AG made out to the bearer with a proportionate amount of the capital stock of up to a total of 127,825,000 euros, subject to the more detailed provisions of the terms and conditions of the warrant or convertible bonds. A conditional capital in an amount of 127,825,000 euros was created for the fulfilment of the warrant and/or conversion rights or obligations (§ 4 (8) of the Articles of Association).

To ensure that CECONOMY AG remains fully flexible in the future to issue warrant and/or convertible bonds and, if required, also to exclude subscription rights and to have such authorisation available at all times, the existing authorisation and the existing conditional capital are to be cancelled and replaced with a new authorisation and a new conditional capital (“**Conditional Capital 2022/II**”).

Therefore, Management Board and Supervisory Board propose that the following be resolved:

a) Cancellation of the authorisation for the issue of warrant and/or convertible bonds as well as granting of a new authorisation for the issue of warrant and/or convertible bonds and for the exclusion of the subscription right for these warrant and/or convertible bonds

aa) The existing authorisation of the Management Board for the issue of warrant and/or convertible bonds pursuant to the resolution of the Annual General Meeting of 13 February 2019 is cancelled with effect as of the registration in the commercial register of the amendment of the Articles of Association to be hereinafter resolved under lit. b) bb).

bb) (1) General

The Management Board is authorised to issue, with the approval of the Supervisory Board, warrant and/or convertible bonds made out to the bearer (together the **"Bonds"**), on one or more occasions, on or before 11 April 2027, with a total nominal amount of up to 1,000,000,000 euros – with or without a limitation of their term – and to grant or impose, as applicable, warrant rights or obligations to/on the holders of warrant bonds or, respectively, conversion rights or obligations to/on the holders of convertible bonds for ordinary shares of CECONOMY AG made out to the bearer with a proportionate amount of the capital stock of up to a total of 127,825,000 euros, subject to the more detailed provisions of the terms and conditions of the warrant or convertible bonds (hereinafter each referred to as **"Bond Conditions"**).

In addition to issuances in euros, the Bonds may also be issued in the legal currency of an OECD country – limited to the appropriate equivalent amount in euros. The Bonds may also be issued by an affiliate of CECONOMY AG as defined in § 18 German Stock Corporation Act in which CECONOMY AG directly or indirectly holds at least 90 percent of the shares. In that case, the Management Board is authorised, with the approval of the Supervisory Board, to grant a guarantee for these Bonds on behalf of the affiliate of CECONOMY AG and to grant or impose to/on their holders, as applicable, warrant or conversion rights or obligations for ordinary shares of CECONOMY AG made out to the bearer.

(2) Warrant and convertible bonds

The Bonds will be divided into partial bonds. If warrant bonds are issued, one or more warrants will be attached to each partial bond, entitling or obliging the holders to subscribe bearer ordinary shares of CECONOMY AG in accordance with the terms and conditions of the warrants to be stipulated in more detail by the Management Board. The terms and conditions of the warrants may provide that the warrant price may also be settled by the transfer of partial bonds and, as the case may be, by supplementary cash payment. To the extent that there are fractional amounts of shares, it may be provided that in accordance with the terms and conditions of the warrants or Bonds such fractional amounts may be aggregated for the subscription of full shares, as the case may be, against supplementary payment.

In the event that convertible bonds are issued, in the case of Bonds made out to the bearer the holders, otherwise the creditors of the partial bonds receive the right to convert their partial bonds into bearer ordinary shares of CECONOMY AG in accordance with the terms and conditions of the convertible bonds determined by the Management Board. The conversion ratio is to be determined by dividing the nominal amount or the issue price of a partial bond which is less than the nominal amount by the stipulated conversion price for one bearer ordinary share of CECONOMY AG and may be rounded up or down to a whole number; besides, an additional payment to be made in cash and the combination of or a compensation for fractional amounts incapable of conversion may be stipulated. The conditions may provide for a variable conversion ratio and a determination of the conversion price (subject to the minimum price stipulated below) within a specified range depending on the development of the stock price of the ordinary share of CECONOMY AG during the term of the Bond.

(3) Substitution right

The Bond Conditions may provide for a right of CECONOMY AG not to grant new ordinary shares in the case of a conversion or the exercise of a warrant rights, but to pay a cash amount which is equal, in respect of the number of shares that otherwise would have to be delivered, to the volume-weighted average stock price of the ordinary shares of CECONOMY AG in electronic trading at the Frankfurt Stock Exchange (i.e. Xetra trading or a functionally comparable successor system to the Xetra system) during a period to be stipulated in the Bond Conditions. The Bond Conditions may also provide that at the choice of CECONOMY AG the conversion of the Bond carrying warrant or conversion rights or obligations is made, instead of new shares from conditional capital, into already existing shares of CECONOMY AG or shares of another listed company or that the warrant or conversion right or the warrant or conversion obligation may be fulfilled by delivery of such shares.

The Bond Conditions may also provide for the right of CECONOMY AG to grant the holders or creditors ordinary shares of CECONOMY AG or another listed company, in whole or in part, instead of the payment of the amount of money due upon final maturity of the Bond carrying warrant or conversion rights or obligations (this also includes maturity due to termination).

(4) Warrant or conversion obligation

The Bond Conditions may also provide for a warrant or conversion obligation at the end of the term (or at an earlier date or upon occurrence of a specific event). CECONOMY AG may be entitled in the Bond Conditions to settle any difference between the nominal amount or any lower issue amount of the Bonds and the product of the conversion price and the exchange ratio in cash, in whole or in part.

(5) Subscription right and authorisation to exclude subscription rights

As a general rule, the shareholders are to be granted subscription rights with regard to the Bonds. The Bonds may also be taken over by one or more credit institution(s) or by one or more companies operating in accordance with § 53 (1) sent. 1 or § 53b (1) sent. 1 or (7) of the German Banking Act (*Gesetz über das Kreditwesen – KWG*), subject to the obligation to indirectly offer them to the shareholders for subscription as defined in § 186 (5) German Stock Corporation Act (so-called indirect subscription right). Where Bonds are issued by an affiliate of CECONOMY AG as defined in § 18 German Stock Corporation Act in which CECONOMY AG directly or indirectly holds at least 90 percent of the shares, CECONOMY AG has to ensure the granting of the statutory subscription right for the shareholders of CECONOMY AG in accordance with the preceding sentence.

However, the Management Board is authorised, with the consent of the Supervisory Board, to exclude the shareholders' subscription right to the Bonds,

- (a) to exclude from the subscription right any fractional amounts resulting from the subscription ratio;
- (b) to the extent necessary to grant holders of previously issued warrant or conversion rights or obligations a subscription right to the extent to which they would be entitled as shareholders after exercising the warrant or conversion right or upon fulfilment of the warrant or conversion obligation;
- (c) if the Bonds with warrant or conversion rights or warrant or conversion obligations are issued against cash payment and the issue price of the Bonds is not significantly lower than the value determined in accordance with recognised financial mathematical methods within the meaning of §§ 221 (4) sent. 2, 186 (3) sent. 4 German Stock Corporation Act. However, this authorisation for the exclusion of the shareholders' subscription right only applies to Bonds conferring a warrant or conversion right or a warrant or conversion obligation for shares representing a total proportionate amount of the capital stock not exceeding 10 percent of the capital stock, neither at the point in time of this authorisation taking effect, nor – if that value is lower – at the point in time of the exercise of this authorisation. To this maximum limit of 10 percent of the capital stock, the proportionate amount of the capital stock has to be credited

which is attributable to shares which since the granting of this authorisation have – subject to an exclusion of subscription rights – either been issued on the basis of an authorisation of the Management Board to exclude subscription rights in direct or analogous application of § 186 (3) sent. 4 German Stock Corporation Act or disposed of as acquired treasury shares in analogous application of § 186 (3) sent. 4 German Stock Corporation Act, until the issue – subject to an exclusion of subscription rights pursuant to § 186 (3) sent. 4 German Stock Corporation Act utilising this authorisation – of Bonds with conversion and/or warrant rights or conversion and/or warrant obligations.

On aggregate, pursuant to this authorisation, the shares that are or have to be issued for the fulfilment of warrant or convertible bonds which are issued subject to an exclusion of subscription rights may not amount to more than 10 percent of the capital stock existing at the time the authorisation becomes effective. Shares that are newly issued subject to an exclusion of the subscription right in direct or analogous application of § 186 (3) sent. 4 German Stock Corporation Act or which are issued from authorised capital against contribution in kind subject to an exclusion of the subscription right for the purpose of corporate mergers or for the acquisition (also indirectly) of companies, divisions of companies, operational activities, branches of activity or company interests, are to be counted towards this maximum limit.

(6) Conversion and warrant price

In the case of an issuance of Bonds granting a warrant or conversion right or imposing a warrant or conversion obligation, the following applies, without prejudice to §§ 9 (1) and 199 (2) AktG, which have to be observed: The respective warrant or conversion price to be determined for one ordinary share of CECONOMY AG must – except in cases in which a warrant or conversion obligation or a substitution right – amount to at least 80 percent of the volume-weighted arithmetic average closing price of the ordinary shares of CECONOMY AG in electronic trading at the Frankfurt Stock Exchange on the ten exchange trading days prior to the date the resolution is adopted by the Management Board regarding the issuance of the Bonds or – in the event subscription rights are granted – at least 80 percent of the volume-weighted arithmetic average stock price of the ordinary shares of CECONOMY AG in electronic trading at the Frankfurt Stock Exchange during the subscription period, with the exception of the days of the subscription period required for the timely announcement of the warrant or conversion price pursuant to § 186 (2) sent. 2 German Stock Corporation Act.

In the event that the Bond Conditions create a conversion obligation or warrant obligation at the end of their term (or at another point in time) or that a substitution right of CECONOMY AG is provided for, the warrant or conversion price must – subject to the more detailed provisions of the Bond Conditions – be at least the above-mentioned minimum price or must be equal to the volume-weighted average closing price of the ordinary share of CECONOMY AG in electronic trading at the Frankfurt Stock Exchange during the ten exchange trading days before or after the final maturity date or the other stipulated point in time, even if this average price is below the above-mentioned minimum price, even if this average price is below the above-mentioned minimum price. The proportionate amount of the capital stock of the ordinary shares of CECONOMY AG to be issued upon conversion or exercise of the warrant may not exceed the nominal value of the Bonds.

(7) Dilution protection

Without prejudice to § 9 para. 1 German Stock Corporation Act, the warrant or, respectively, conversion price may be reduced under an anti-dilution clause subject to the more detailed provisions of the Bond Conditions if during the warrant or conversion period CECONOMY AG (i) increases the capital stock by means of a capital increase from company funds, or (ii) increases the capital stock or disposes of treasury shares granting an exclusive subscription rights to its shareholders, or (iii) issues, grants or guarantees further Bonds with warrant or convertible rights or obligations granting an exclusive subscription rights to its shareholders, and in cases (ii) and (iii) the holders of warrant or conversion rights or obligations already existing are not granted subscription rights in this respect, as they would be entitled to after the exercise of the warrant or conversion rights or after fulfilment of the warrant or conversion obligation. The reduction of the warrant or, respectively, conversion price may also be effected by a cash payment upon exercise

of the warrant or conversion right or upon fulfilment of a warrant or conversion obligation. In addition, the Bond Conditions may stipulate an adjustment of the warrant or conversion rights or obligations, respectively, in the case of a capital reduction or other measures or events resulting in an economic dilution of the value of the warrant or conversion rights or obligations (such as dividends or an acquisition of control by third parties).

(8) Implementation authorisation

The Management Board is authorised, with the approval of the Supervisory Board, to determine or, as the case may be, to determine in agreement with the corporate bodies of the affiliate of CECONOMY AG as defined in § 18 German Stock Corporation Act issuing the Bonds, the additional details relating to the issue and the terms and conditions of the Bonds including, in particular, the interest rate, issue price, term and denomination, the dilution protection provisions as well as the warrant or conversion period.

b) Revision of § 4 (8) of the Articles of Association (“Conditional Capital 2022/II”)

- aa) The conditional capital adopted by the Annual General Meeting on 13 February 2019 and contained in § 4 (8) of the Articles of Association is cancelled upon registration in the commercial register of the amendment of the Articles of Association to be resolved hereinafter.
- bb) For the fulfilment of the Bonds issuable on the basis of the issue authorisation resolved by the Extraordinary General Meeting on 12 April 2022 under this Agenda Item 8, a new conditional capital in the amount of 127,825,000 euros is created (Conditional Capital 2022/II). For this purpose, § 4 (8) of the Articles of Association of CECONOMY AG is revised as follows:

“(8) The capital stock is conditionally increased by up to 127,825,000 euros, divided into up to 50,000,000 ordinary bearer shares (Conditional Capital 2022/II). The conditional capital increase shall only be executed insofar as the holders of warrant or conversion rights or those with conversion or warrant obligations arising from warrant or convertible bonds issued or guaranteed by CECONOMY AG or an affiliate of CECONOMY AG in terms of § 18 German Stock Corporation Act, in which CECONOMY AG holds at least 90 percent of the shares, directly or indirectly, based on the authorisation adopted by the General Meeting of 12 April 2022 under Agenda Item 8, exercise their warrant or conversion rights or, insofar as they are obligated for conversion or to exercise warrants, fulfil their obligation for conversion or for exercise of warrants, or insofar as CECONOMY AG exercises an option to provide ordinary shares of CECONOMY AG in lieu of paying the cash amount due, in whole or in part. The conditional capital increase shall not be executed insofar as a cash settlement is provided or treasury shares or shares of another listed company are used for the fulfilment.

The issue of the new ordinary shares is effected at the warrant or conversion price in each case to be determined in accordance with the authorisation resolution set forth above. The new ordinary shares participate in profits from the beginning of the financial year in which they are created; to the extent legally permissible, the Management Board may, with the consent of the Supervisory Board, determine the profit participation of new ordinary shares in deviation from the foregoing and from § 60 (2) AktG, also for a financial year that has already expired. The Management Board is authorised, with the approval of the Supervisory Board, to determine the further details of the implementation of the conditional capital increase.”

- cc) The Supervisory Board is authorised to make amendments to § 4 of the Articles of Association in accordance with the respective utilisation of the Conditional Capital 2022/II. The same applies after the term of the authorisation has expired in the event that the authorisation for the issue of warrant or convertible bonds has not been utilised, as well as in the event that the Conditional Capital 2022/II has not been utilised after the periods for the exercise of warrant or conversion rights or, respectively, for the fulfilment of warrant or conversion obligations have expired.

9. Creation of a new Authorised Capital 2022/II (including the option of excluding subscription rights) and corresponding supplementing of the Articles of Association to include a new § 4 (10) in the event of the entry of the Capital Increase against Contribution in Kind proposed under Agenda Item 2 No. 1 in the commercial register

The Articles of Association, in § 4 (7), currently contain an authorised capital authorising the Management Board to increase, with the consent of the Supervisory Board, the capital stock of the Company, on one or more occasions, on or before 12 February 2024 by issuing new ordinary bearer shares in exchange for contributions in cash and/or in kind up to a maximum amount of 321,600,000 euros, which is to be renewed by the adoption of the resolution proposed under Agenda Item 5.

By means of the Capital Increase against Contribution in Kind proposed for resolution under Agenda Item 2 No. 1, the Company's capital stock is to be increased by 321,602,593.27 euros to 1,240,448,004.17 euros. Subject to the condition that this Capital Increase against Contribution in Kind becomes effective by registration in the commercial register, the authorised capital of the Company is to be adjusted proportionally to the thus increased capital stock of the Company by creating an additional authorised capital ("**Authorised Capital 2022/II**"), which is otherwise identical in content to the authorised capital proposed under Agenda Item 5.

Therefore, Management Board and Supervisory Board propose that the following be resolved:

Subject to the condition precedent of the Capital Increase against Contribution in Kind resolved under Agenda Item 2 No. 1 becoming effective, a new authorised capital in the amount of up to 112,560,000 euros is created (Authorised Capital 2022/II). For this purpose, in § 4 of the Articles of Association of the Company the following new paragraph 10 is included:

"The Management Board is authorised, with the consent of the Supervisory Board, to increase the capital stock of the Company, on one or more occasions, on or before 11 April 2027 by issuing new ordinary bearer shares in exchange for contributions in cash and/or in kind by up to a maximum amount of 112,560,000 euros (Authorised Capital 2022/II). As a general rule, the shareholders are entitled to subscription rights in this respect.

Pursuant to § 186 (5) sent. 1 German Stock Corporation Act, the new ordinary shares may also be taken over by one or more credit institution(s) designated by the Management Board or by one or more companies operating in accordance with § 53 (1) sent. 1 or § 53b (1) sent. 1 or (7) of the German Banking Act (*Gesetz über das Kreditwesen* – KWG), subject to the obligation to offer them to the shareholders for subscription (so-called indirect subscription right).

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

- (1) for the compensation of fractional amounts;
- (2) if the ordinary shares are issued against contributions in kind for the purpose of corporate mergers or for the acquisition (also indirectly) of companies, divisions of companies, operational activities, branches of activity or company interests and the pro rata amount attributable to the new ordinary shares issued subject to an exclusion of subscription rights does not exceed a total of 10 percent of the capital stock existing at the time this authorisation becomes effective;
- (3) to implement a so-called scrip dividend, in which case the shareholders are offered to contribute their claim for payment of the dividend to the Company (in whole or in part), as contribution in kind against granting of new shares from the authorised capital;
- (4) in the event of a capital increase in exchange for cash contributions to the extent necessary to grant subscription rights to new ordinary shares to the holders of warrant or convertible bonds issued by the Company or such affiliates in which the Company holds at least 90 percent of the shares, directly or indirectly, in the scope to which they would be entitled upon exercise of the warrant or conversion right or fulfilment of the warrant or conversion obligation, or upon exercise of a substitution right of the Company as shareholder;

- (5) in the case of capital increases against cash contributions, if the pro rata amount of the capital stock attributable to the new ordinary shares issued subject to an exclusion of subscription rights in accordance with § 186 (3) sent. 4 German Stock Corporation Act does not exceed a total of 10 percent of the capital stock, either at the time this authorisation becomes effective or – if this value is lower – at the time it is exercised, and if in each case the issue price of the new ordinary shares is not significantly falling short – within the meaning of §§ 203 (1) and (2), 186 (3) sent. 4 of the German Stock Corporation Act – of the stock exchange price of the ordinary shares of the Company with the same features already listed. The limit of 10 percent of the capital stock is diminished by the portion of the capital stock attributable to the Company's ordinary shares which during the term of the authorised capital (i) are issued or disposed of as treasury shares subject to an exclusion of the shareholders' subscription rights in application, direct or *mutatis mutandis*, of § 186 (3) sent. 4 German Stock Corporation Act, or (ii) are issued from conditional capital to settle warrant or convertible bonds which themselves were or are issued without subscription rights in application, *mutatis mutandis*, of § 186 (3) sent. 4 German Stock Corporation Act.

In total, ordinary shares issued against contributions in cash or in kind in accordance with this authorisation subject to an exclusion of the shareholders' subscription rights in accordance with No. 2 or 5 may not amount to more than 10 percent of the capital stock existing at the time the authorisation becomes effective. Ordinary shares that are issued subject to an exclusion of the subscription right in direct or analogous application of § 186 (3) sent. 4 German Stock Corporation Act, or which are issued for the fulfilment of warrant or convertible bonds which themselves are issued during the term of the authorisation subject to an exclusion of the subscription right in analogous application of § 186 (3) sent. 4 German Stock Corporation Act, are to be counted towards this maximum limit.

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

The Management Board is instructed to register the amendment to the Articles of Association resolved under Agenda Item 9 with the commercial register only after the Capital Increase against Contribution in Kind resolved under Agenda Item 2 No. 1 has become effective.

The Supervisory Board is authorised to amend § 4 of the Articles of Association in accordance with the implementation of each capital increase from the Authorised Capital 2022/II and after expiry of the authorisation period.

10. Granting of a new authorisation for the issue of warrant and/or convertible bonds with the option of an exclusion of the subscription right for these warrant and/or convertible bonds as well as creation of a new Conditional Capital 2022/III and corresponding supplementing of the Articles of Association to include a new § 4 (11) in the event of the entry of the Capital Increase against Contribution in Kind proposed under Agenda Item 2 No. 1 in the commercial register

The Management Board has been authorised by resolution of the General Meeting of 13 February 2019 to issue, with the approval of the Supervisory Board, warrant and/or convertible bonds made out to the bearer, on one or more occasions, on or before 12 February 2024, with a total nominal amount of up to 1,000,000,000 euros – with or without a limitation of their term – and to grant or impose, as applicable, warrant rights or obligations to/on the holders of warrant bonds or, respectively, conversion rights or obligations to/on the holders of convertible bonds for ordinary shares of CECONOMY AG made out to the bearer with a proportionate amount of the capital stock of up to a total of 127,825,000 euros, subject to the more detailed provisions of the terms and conditions of the warrant or convertible bonds. A conditional capital in an amount of 127,825,000 euros was created for the fulfilment of the warrant and/or conversion rights or obligations (§ 4 (8) of the Articles of Association). This existing authorisation and the existing conditional capital are to be cancelled by the resolution proposed under Agenda Item 8 and replaced by a new authorisation and a new **Conditional Capital 2022/II**.

By means of the Capital Increase against Contribution in Kind proposed for resolution under Agenda Item 2 No. 1, the Company's capital stock is to be increased by 321,602,593.27 euros to 1,240,448,004.17 euros. Subject to the condition that this Capital Increase against Contribution in Kind becomes effective by registration in the commercial register, the authorisation to issue warrant and/or convertible bonds made out to the bearer is to be adjusted proportionally to the thus increased capital stock of the Company and a new conditional capital

("Conditional Capital 2022/III") is to be created; the authorisation and the Conditional Capital 2022/III are otherwise identical in content to the authorisation and Conditional Capital 2022/II proposed under Agenda Item 8.

Therefore, Management Board and Supervisory Board propose that the following be resolved:

a) Granting of a new authorisation for the issue of warrant and/or convertible bonds and for the exclusion of the subscription right for these warrant and/or convertible bonds

(1) General

Subject to the condition precedent of the Capital Increase against Contribution in Kind resolved under Agenda Item 2 No. 1 becoming effective, the Management Board is authorised to issue, with the approval of the Supervisory Board, warrant and/or convertible bonds made out to the bearer (together the "**Bonds**"), on one or more occasions, on or before 11 April 2027, with a total nominal amount of up to 350,000,000 euros – with or without a limitation of their term – and to grant or impose, as applicable, warrant rights or obligations to/on the holders of warrant bonds or, respectively, conversion rights or obligations to/on the holders of convertible bonds for ordinary shares of CECONOMY AG made out to the bearer with a proportionate amount of the capital stock of up to a total of 44,738,750 euros, subject to the more detailed provisions of the terms and conditions of the warrant or convertible bonds (hereinafter each referred to as "**Bond Conditions**").

In addition to issuances in euros, the Bonds may also be issued in the legal currency of an OECD country – limited to the appropriate equivalent amount in euros. The Bonds may also be issued by an affiliate of CECONOMY AG as defined in § 18 German Stock Corporation Act in which CECONOMY AG directly or indirectly holds at least 90 percent of the shares. In that case, the Management Board is authorised, with the approval of the Supervisory Board, to grant a guarantee for these Bonds for the affiliate of CECONOMY AG and to grant or impose to/on their holders, as applicable, warrant or conversion rights or obligations for ordinary shares of CECONOMY AG made out to the bearer.

(2) Warrant and convertible bonds

The Bonds will be divided into partial bonds. If warrant bonds are issued, one or more warrants will be attached to each partial bond, entitling or obliging the holders to subscribe bearer ordinary shares of CECONOMY AG in accordance with the terms and conditions of the warrants to be stipulated in more detail by the Management Board. The terms and conditions of the warrants may provide that the warrant price may also be settled by the transfer of partial bonds and, as the case may be, by supplementary cash payment. To the extent that there are fractional amounts of shares, it may be provided that in accordance with the terms and conditions of the warrants or Bonds such fractional amounts may be aggregated for the subscription of full shares, as the case may be, against supplementary payment.

In the event that convertible bonds are issued, in the case of Bonds made out to the bearer the holders, otherwise the creditors of the partial bonds receive the right to convert their partial bonds into bearer ordinary shares of CECONOMY AG in accordance with the terms and conditions of the convertible bonds determined by the Management Board. The conversion ratio is to be determined by dividing the nominal amount or the issue price of a partial bond which is less than the nominal amount by the stipulated conversion price for one bearer ordinary share of CECONOMY AG and may be rounded up or down to a whole number; besides, an additional payment to be made in cash and the combination of or a compensation for fractional amounts incapable of conversion may be stipulated. The conditions may provide for a variable conversion ratio and a determination of the conversion price (subject to the minimum price stipulated below) within a specified range depending on the development of the stock price of the ordinary share of CECONOMY AG during the term of the Bond.

(3) Substitution right

The Bond Conditions may provide for a right of CECONOMY AG not to grant new ordinary shares in the case of a conversion or the exercise of a warrant rights, but to pay a cash amount which is equal,

in respect of the number of shares that otherwise would have to be delivered, to the volume-weighted average stock price of the ordinary shares of CECONOMY AG in electronic trading at the Frankfurt Stock Exchange (i.e. Xetra trading or a functionally comparable successor system to the Xetra system) during a period to be stipulated in the Bond Conditions. The Bond Conditions may also provide that at the choice of CECONOMY AG the conversion of the Bond carrying warrant or conversion rights or obligations is made, instead of new shares from conditional capital, into already existing shares of CECONOMY AG or shares of another listed company or that the warrant or conversion right or the warrant or conversion obligation may be fulfilled by delivery of such shares.

The Bond Conditions may also provide for the right of CECONOMY AG to grant the holders or creditors ordinary shares of CECONOMY AG or another listed company, in whole or in part, instead of the payment of the amount of money due upon final maturity of the Bond carrying warrant or conversion rights or obligations (this also includes maturity due to termination).

(4) Warrant or conversion obligation

The Bond Conditions may also provide for a warrant or conversion obligation at the end of the term (or at an earlier date or upon occurrence of a specific event). CECONOMY AG may be entitled in the Bond Conditions to settle any difference between the nominal amount or any lower issue amount of the Bonds and the product of the conversion price and the exchange ratio in cash, in whole or in part.

(5) Subscription right and authorisation to exclude subscription rights

As a general rule, the shareholders are to be granted subscription rights with regard to the Bonds. The Bonds may also be taken over by one or more credit institution(s) or by one or more companies operating in accordance with § 53 (1) sent. 1 or § 53b (1) sent. 1 or (7) of the German Banking Act (*Gesetz über das Kreditwesen – KWG*), subject to the obligation to indirectly offer them to the shareholders for subscription as defined in § 186 (5) German Stock Corporation Act (so-called indirect subscription right). Where Bonds are issued by an affiliate of CECONOMY AG as defined in § 18 German Stock Corporation Act in which CECONOMY AG directly or indirectly holds at least 90 percent of the shares, CECONOMY AG has to ensure the granting of the statutory subscription right for the shareholders of CECONOMY AG in accordance with the preceding sentence.

However, the Management Board is authorised, with the consent of the Supervisory Board, to exclude the shareholders' subscription right to the Bonds,

- (a) to exclude from the subscription right any fractional amounts resulting from the subscription ratio;
- (b) to the extent necessary to grant holders of previously issued warrant or conversion rights or obligations a subscription right to the extent to which they would be entitled as shareholders after exercising the warrant or conversion right or upon fulfilment of the warrant or conversion obligation;
- (c) if the Bonds with warrant or conversion rights or warrant or conversion obligations are issued against cash payment and the issue price of the Bonds is not significantly lower than the value determined in accordance with recognised financial mathematical methods within the meaning of §§ 221 (4) sent. 2, 186 (3) sent. 4 German Stock Corporation Act. However, this authorisation for the exclusion of the shareholders' subscription right only applies to Bonds conferring a warrant or conversion right or a warrant or conversion obligation for shares representing a total proportionate amount of the capital stock not exceeding 10 percent of the capital stock, neither at the point in time of this authorisation taking effect, nor – if that value is lower – at the point in time of the exercise of this authorisation. To this maximum limit of 10 percent of the capital stock, the proportionate amount of the capital stock has to be credited which is attributable to shares which since the granting of this authorisation have – subject to an exclusion of subscription rights – either been issued on the basis of an authorisation of the Management Board to exclude subscription rights in direct or analogous application of § 186 (3) sent. 4 German Stock Corporation Act or disposed of as acquired treasury shares in

analogous application of § 186 (3) sent. 4 German Stock Corporation Act, until the issue – subject to an exclusion of subscription rights pursuant to § 186 (3) sent. 4 German Stock Corporation Act utilising this authorisation – of Bonds with conversion and/or warrant rights or conversion and/or warrant obligations.

On aggregate, pursuant to this authorisation, the shares that are or have to be issued for the fulfilment of warrant or convertible bonds which are issued subject to an exclusion of subscription rights may not amount to more than 10 percent of the capital stock existing at the time the authorisation becomes effective. Shares that are newly issued subject to an exclusion of the subscription right in direct or analogous application of § 186 (3) sent. 4 German Stock Corporation Act or which are issued from authorised capital against contribution in kind subject to an exclusion of the subscription right for the purpose of corporate mergers or for the acquisition (also indirectly) of companies, divisions of companies, operational activities, branches of activity or company interests, are to be counted towards this maximum limit.

(6) Conversion and warrant price

In the case of an issuance of Bonds granting a warrant or conversion right or imposing a warrant or conversion obligation, the following applies, without prejudice to §§ 9 (1) and 199 (2) AktG, which have to be observed: The respective warrant or conversion price to be determined for one ordinary share of CECONOMY AG must – except in cases in which a warrant or conversion obligation or a substitution right – amount to at least 80 percent of the volume-weighted arithmetic average closing price of the ordinary shares of CECONOMY AG in electronic trading at the Frankfurt Stock Exchange on the ten exchange trading days prior to the date the resolution is adopted by the Management Board regarding the issuance of the Bonds or – in the event subscription rights are granted – at least 80 percent of the volume-weighted arithmetic average stock price of the ordinary shares of CECONOMY AG in electronic trading at the Frankfurt Stock Exchange during the subscription period, with the exception of the days of the subscription period required for the timely announcement of the warrant or conversion price pursuant to § 186 (2) sent. 2 German Stock Corporation Act.

In the event that the Bond Conditions create a conversion obligation or warrant obligation at the end of their term (or at another point in time) or that a substitution right of CECONOMY AG is provided for, the warrant or conversion price must – subject to the more detailed provisions of the Bond Conditions – be at least the above-mentioned minimum price or must be equal to the volume-weighted average closing price of the ordinary share of CECONOMY AG in electronic trading at the Frankfurt Stock Exchange during the ten exchange trading days before or after the final maturity date or the other stipulated point in time, even if this average price is below the above-mentioned minimum price. The proportionate amount of the capital stock of the ordinary shares of CECONOMY AG to be issued upon conversion or exercise of the warrant may not exceed the nominal value of the Bonds.

(7) Dilution protection

Without prejudice to § 9 para. 1 German Stock Corporation Act, the warrant or, respectively, conversion price may be reduced under an anti-dilution clause subject to the more detailed provisions of the Bond Conditions if during the warrant or conversion period CECONOMY AG (i) increases the capital stock by means of a capital increase from company funds, or (ii) increases the capital stock or disposes of treasury shares granting an exclusive subscription rights to its shareholders, or (iii) issues, grants or guarantees further Bonds with warrant or convertible rights or obligations granting an exclusive subscription rights to its shareholders, and in cases (ii) and (iii) the holders of warrant or conversion rights or obligations already existing are not granted subscription rights in this respect, as they would be entitled to after the exercise of the warrant or conversion rights or after fulfilment of the warrant or conversion obligation. The reduction of the warrant or, respectively, conversion price may also be effected by a cash payment upon exercise of the warrant or conversion right or upon fulfilment of a warrant or conversion obligation. In addition, the Bond Conditions may stipulate an adjustment of the warrant or conversion rights or obligations, respectively, in the case of a capital reduction or other measures or events resulting in

an economic dilution of the value of the warrant or conversion rights or obligations (such as dividends or an acquisition of control by third parties).

(8) Implementation authorisation

The Management Board is authorised, with the approval of the Supervisory Board, to determine or, as the case may be, to determine in agreement with the corporate bodies of the affiliate of CECONOMY AG as defined in § 18 German Stock Corporation Act issuing the Bonds, the additional details relating to the issue and the terms and conditions of the Bonds including, in particular, the interest rate, issue price, term and denomination, the dilution protection provisions as well as the warrant or conversion period.

b) Supplementing of § 4 of the Articles of Association of the Company to include a new paragraph 11 (“Conditional Capital 2022/III”)

- aa) For the fulfilment of the Bonds issuable on the basis of the issue authorisation resolved by the Extraordinary General Meeting on 12 April 2022 under this Agenda Item 10, a new conditional capital in the amount of 44,738,750 euros is created (Conditional Capital 2022/III). For this purpose, in § 4 of the Articles of Association of CECONOMY AG the following paragraph 11 is included:

“(11) The capital stock is conditionally increased by up to 44,738,750 euros, divided into up to 17,500,000 ordinary bearer shares (Conditional Capital 2022/III). The conditional capital increase shall only be executed insofar as the holders of warrant or conversion rights or those with conversion or warrant obligations arising from warrant or convertible bonds issued or guaranteed by CECONOMY AG or an affiliate of CECONOMY AG in terms of § 18 German Stock Corporation Act, in which CECONOMY AG holds at least 90 percent of the shares, directly or indirectly, based on the authorisation adopted by the General Meeting of 12 April 2022 under Agenda Item 10, exercise their warrant or conversion rights or, insofar as they are obligated for conversion or to exercise warrants, fulfil their obligation for conversion or for exercise of warrants, or insofar as CECONOMY AG exercises an option to provide ordinary shares of CECONOMY AG in lieu of paying the cash amount due, in whole or in part. The conditional capital increase shall not be executed insofar as a cash settlement is provided or treasury shares or shares of another listed company are used for the fulfilment.

The issue of the new ordinary shares is effected at the warrant or conversion price in each case to be determined in accordance with the authorisation resolution set forth above. The new ordinary shares participate in profits from the beginning of the financial year in which they are created; to the extent legally permissible, the Management Board may, with the consent of the Supervisory Board, determine the profit participation of new ordinary shares in deviation from the foregoing and from § 60 (2) AktG, also for a financial year that has already expired. The Management Board is authorised, with the approval of the Supervisory Board, to determine the further details of the implementation of the conditional capital increase.”

- bb) The Management Board is instructed to register the amendment to the Articles of Association resolved under Agenda Item 10 b) with the commercial register only after the Capital Increase against Contribution in Kind resolved under Agenda Item 2 No. 1 has become effective.

The Supervisory Board is authorised to make amendments to § 4 of the Articles of Association in accordance with the respective utilisation of the Conditional Capital 2022/III. The same applies after the term of the authorisation has expired in the event that the authorisation for the issue of warrant or convertible bonds has not been utilised, as well as in the event that the Conditional Capital 2022/III has not been utilised after the periods for the exercise of warrant or conversion rights or, respectively, for the fulfilment of warrant or conversion obligations have expired.

Supplementary information on Agenda Item 2

Written report of the Management Board of CECONOMY AG on Agenda Item 2 of the Extraordinary General Meeting of CECONOMY AG on 12 April 2022 regarding the reason for the complete exclusion of the statutory subscription right of the shareholders of CECONOMY AG pursuant to § 186 (4) sent. 2 German Stock Corporation Act and §§ 221 (4) sent. 2, 186 (4) sent. 2 German Stock Corporation Act

Below, the management board of CECONOMY AG ("**Company**", and together with the Company's consolidated subsidiaries, "**CECONOMY Group**") presents its written report on the reasoning for the complete exclusion of the statutory pre-emptive rights of the Company's shareholders ("**Shareholders**") in the context of the resolution proposed to the Company's general meeting ("**General Meeting**") by the Company's management board ("**Management Board**") and by the Company's supervisory board ("**Supervisory Board**") under item 2 of the agenda for the extraordinary General Meeting of the Company on 12 April 2022, in accordance with section 186(4) sentence 2 of the German Stock Corporation Act (Aktiengesetz – AktG ("**Stock Corporation Act**")) as well as section 221(4) sentence 2 and section 186(4) sentence 2 Stock Corporation Act ("**Exclusion of Pre-emptive Rights**"). To this end, the discussion below commences with a description of the planned transaction with Convergenta Invest GmbH ("**Transaction**") along with an explanation of and justification for the exchange ratio (see section I. below). This then directly leads into the Management Board's report concerning the reasoning for the Exclusion of Pre-emptive Rights (see section II. below).

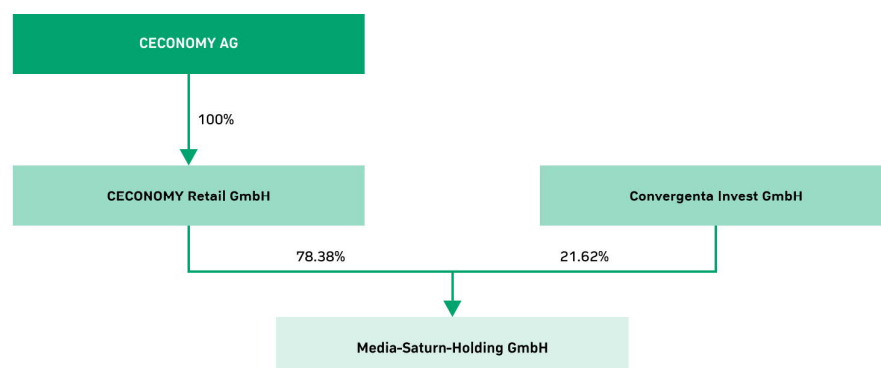
I. Presentation of the Transaction

1. Overview

a) Corporate structure prior to the Transaction

The resolution proposed by the Management Board and Supervisory Board under agenda item 2 serves to effect, in the context of the planned Transaction, the Company's acquisition of the minority stake held by Convergenta Invest GmbH ("**Convergenta**", and together with the Company, "**Parties**") in Media-Saturn-Holding GmbH ("**MSH**"). With the Transaction, the Parties aim to reorganise the shareholder base of MSH and to achieve, among other things, a stronger focus on the operating business and the realisation of considerable synergies based on a simplified corporate structure and governance.

The current shareholder structure of MSH existing prior to the Transaction can be illustrated as follows:



In addition to a simplification of the above structure and related operative advantages as well as holding cost savings (of around EUR 1 million in 2021/22 and subsequently around EUR 4 million annually), the Transaction will make the Company's tax-loss carry-forwards, which amount to around EUR 1,149 million (corporate income tax), around EUR 1,495 million (trade tax) and around EUR 132 million (corporate income tax/trade tax due to interest carry-forwards) as at 30 September 2021, structurally usable. Subject to the Transaction being closed in the 2021/22 financial year and the necessary structural measures being

implemented in time, the Management Board expects that the closing of the Transaction will already have a positive effect on earnings per share in the Company, on a fully diluted basis, from year one (see in particular item d) below of this report).

b) Reorganisation of the Company's corporate structure by the Transaction

To implement the Transaction, the Parties concluded the following on 14 December 2020: (i) an agreement in principle concerning the Transaction ("**Agreement in Principle**" (Grundsatzvereinbarung)); (ii) a Share Purchase, Contribution and Transfer Agreement ("**Contribution Agreement**" (Einbringungsvertrag)); and (iii) a subscription agreement regarding EUR 151 million convertible bonds ("**Subscription Agreement**" (Begebungsvertrag)). After the Transaction was not carried out in the 2020/21 financial year (see item 1.4.b) below of this report), on 9 November 2021 the Parties entered into an amendment agreement to the transaction documentation of 14 December 2020 ("**Amendment Agreement**") in which the Agreement in Principle, Contribution Agreement and Subscription Agreement were amended and restated in order to continue the implementation of the Transaction (the amended versions together the "**Transaction Agreements**"). The conclusion of the Amendment Agreement did not entail any modifications to key economic and legal points of the Transaction. The Transaction Agreements furthermore provide that Convergenta will contribute the Contribution Shares (as defined below) to the Company as a contribution in kind in return for the granting of new ordinary shares, the issuance of convertible bonds and a cash payment in the amount of EUR 130 million.

Among other things, the consummation of the Transaction Agreements is subject to the adoption by the General Meeting of the resolution proposed under agenda item 2. Thus the Management Board and Supervisory Board propose that the General Meeting specifically resolves as follows under agenda item 2 in the context of a uniform resolution:

- The Company's share capital of currently EUR 918,845,410.90, divided into (subject to the conversion of the preference shares into ordinary shares pursuant to agenda item 4) 356,743,118 no-par value ordinary bearer shares (no-par value shares) of the Company ("**CECONOMY Ordinary Shares**") and 2,677,966 no-par value non-voting bearer preference shares (no-par value shares) ("**CECONOMY Preference Shares**", and together with the CECONOMY Ordinary Shares, "**CECONOMY Shares**"), each such share with a notional value in the share capital of approximately EUR 2.56, will be increased by EUR 321,602,593.27 to EUR 1,240,448,004.17 by issuing 125,800,000 new no-par value ordinary bearer shares (no par-value shares) of the Company, each such share with a notional value in the share capital of approximately EUR 2.56 and full dividend rights from 1 October 2021 ("**New Shares**"), in return for a contribution in kind ("**Capital Increase through Contributions in Kind**"). The New Shares will be issued at the lowest issue price. The difference between the issue price of the New Shares and any higher equity investment value of the non-cash contributions is to be allocated to the capital reserves in accordance with section 272 (2) no. 4 German Commercial Code (Handelsgesetzbuch – HGB) as far as possible.

The statutory pre-emptive right of the Shareholders to the New Shares shall be excluded. The New Shares will be issued for the purpose of acquiring the Contribution Shares (as defined below).

- The Company will issue convertible bonds with an aggregate principal amount of EUR 151 million, divided into 1,510 bearer bonds ranking pari passu among themselves, each with a nominal value of EUR 100,000.00 ("**Convertible Bonds**"), in return for a contribution in kind. The Convertible Bonds grant their holders conversion rights to initially a total of up to 27,859,778 new no-par value ordinary bearer shares (no par-value shares) of the Company, each such share with a notional value in the share capital of approximately EUR 2.56 ("**Conversion Shares**"), for the issuance of which the Conditional Capital 2022/I (as defined below) is to be created. The initial conversion price will be EUR 5.42 for each Conversion Share.

The statutory pre-emptive rights of the Shareholders to the Convertible Bonds shall be excluded. The Convertible Bonds will be issued for the purpose of acquiring the Contribution Shares (as defined below) which are to be contributed.

- As the substance of the contribution in kind for purposes of the Capital Increase through Contributions in Kind and the issuance of the Convertible Bonds, Convergenta shall contribute to the Company the following shares in MSH as well as fractional rights to a share in MSH ("**Contribution in Kind**"):
 - Shares with serial numbers 16 to 27, i.e. a total of twelve shares, having an total nominal value of DM 15,134,680.00 ("**C/M Shares**"), which corresponds to approximately 21.62% of the share capital of MSH, and
 - Partial rights to the share with serial number 34 and having a nominal value of DM 50.00 ("**Ce/Co Share**") in an amount totalling DM 17.00 (this joint ownership to the Ce/Co Share held by Convergenta, together with the C/M Shares, "**Contribution Shares**"), which is equivalent to an interest of 34.00% in the Ce/Co Share.
- Exclusively Convergenta shall be admitted to subscribe for the New Shares and to take over the Convertible Bonds.
- In addition to the issue of the New Shares and Convertible Bonds, the Company is required to make a cash payment to Convergenta totalling EUR 130 million, payable in two tranches, as consideration for the Contribution Shares. The Capital Increase through Contributions in Kind and the issuance of the Convertible Bonds will be made by way of a mixed Contribution in Kind in view of this additional payment obligation of the Company extending beyond the granting of the New Shares and Convertible Bonds.
- The Company's share capital will be conditionally increased by up to EUR 89,476,079.21 by issuing up to 35,000,000 new no-par value ordinary bearer shares (no par-value shares) of the Company, each such share with a notional value in the share capital of approximately EUR 2.56 ("**Conditional Capital 2022/I**"). The Conditional Capital 2022/I will serve exclusively to grant shares to the holders of the Convertible Bonds to be newly issued.

As consideration for the acquisition of the Contribution Shares, the Company shall

- issue to Convergenta 125.8 million New Shares that will be created as part of the proposed Capital Increase through Contributions in Kind, subject to the Exclusion of Pre-emptive Rights ("**Stock Component**"),
- issue to Convergenta the Convertible Bonds with an aggregate principal amount and issue price of EUR 151 million (market value at the time the Transaction Agreements were concluded on 14 December 2020: EUR 160 million), which have a maturity of five years, a conversion premium of approximately 30%, an interest rate of 0.05% p.a. and an initial conversion price of EUR 5.42, initially convertible into up to approximately 27.9 million Conversion Shares, subject to the Exclusion of Pre-emptive Rights, which will be backed by the Conditional Capital 2022/I that is to be created ("**Convertible Bond Component**"), and
- pay Convergenta a cash component in the total amount of EUR 130 million, payable in no more than two tranches ("**Cash Component**", and together with the Stock Component and the Convertible Bond Component, "**Total Consideration**").

Taking as a basis the three-month, volume-weighted average price of the CECONOMY Ordinary Share on the basis of Bloomberg data ("**3M-VWAP**") for the period before 14 December 2020, i.e. the date on which the Transaction Agreements were originally concluded (i.e. from the opening price on 14 September 2020, to the closing price on 11 December 2020), which equals approximately EUR 4.17, a consideration amounts to around EUR 815 million. The 3M-VWAP of EUR 4.17 also constitutes the reference price, on the basis of which the conversion premium of approximately 30% was calculated, thus resulting in the initial conversion price of EUR 5.42.

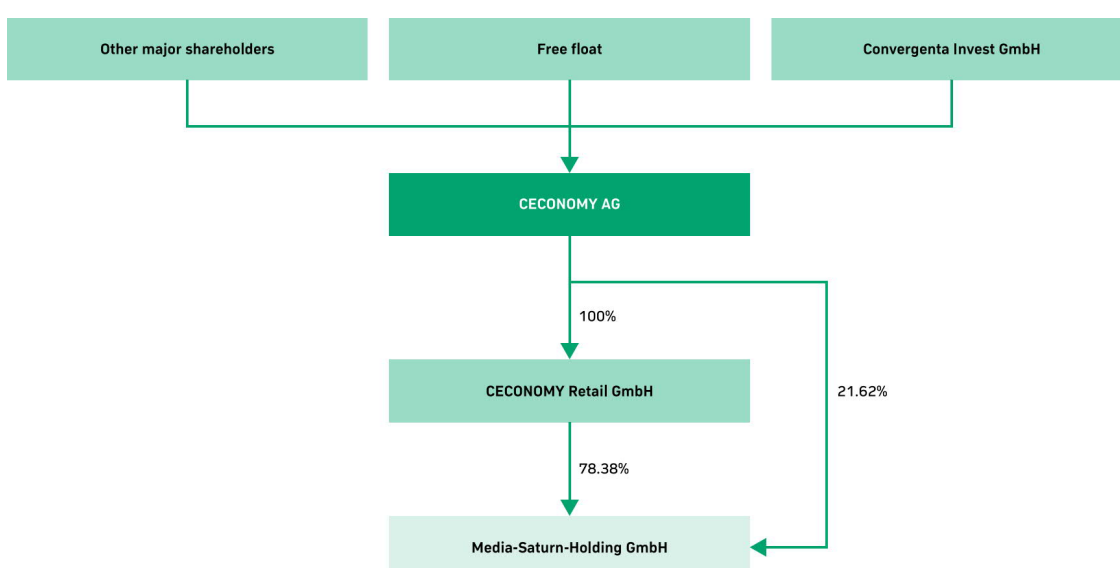
After the planned Transaction was announced through an ad hoc announcement by the Company after the close of trading on 14 December 2020, the price of the CECONOMY Ordinary Share (XETRA) rose from a closing price of EUR 4.096 on 14 December 2020, to a closing price of EUR 5.125 on the following day, 15 December 2020. This represents a price surge of approximately 25%. On the subsequent days, the price of the CECONOMY Ordinary Share continued to rise, recording an increase of around 40% at closing on Friday,

18 December 2020, as compared to the closing price of 14 December 2020, before the Transaction was announced.

c) Corporate structure following the Transaction

It is intended that, based on the conclusion of the Transaction Agreements and of the adoption by the General Meeting of the resolution set out under agenda item 2, as well as the implementation of same, Convergenta will transfer to the Company the Contribution Shares such that the Company will (directly and indirectly) increase its stake in MSH to a total of 100% and Convergenta, a minority shareholder thus far, will exit completely from MSH. In return, it is intended to make Convergenta a major shareholder in the Company before the conversion right is exercised, with Convergenta holding a stake of at least approximately 26.07% in the CECONOMY Ordinary Shares then issued and an interest of at least approximately 25.93% in the Company's share capital. Convergenta aims to acquire a stake of up to 29.90% in the CECONOMY Ordinary Shares.

The corporate structure prevailing once the Transaction has been implemented can be illustrated as follows:



Effective for a period of six months after implementation of the Capital Increase through Contributions in Kind, but not beyond 31 December 2022, Convergenta has entered into an obligation to not acquire any additional CECONOMY Shares or to take any other measures that would result in it gaining control within the meaning of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz – WpÜG ("**Securities Takeover Act**")). In addition, Convergenta has undertaken to sell no more than up to 4% of the issued CECONOMY Ordinary Shares until the expiry of six months after the implementation of the Capital Increase through Contributions in Kind, at the longest until 31 December 2022.

Under the resolution proposed under agenda item 2 to the General Meeting concerning the planned Transaction, the right of the Shareholders to subscribe for the newly issued New Shares and Convertible Bonds shall be excluded. The reasoning for this Exclusion of Pre-emptive Rights forms the subject matter of the present report from the Management Board in accordance with section 186(4) sentence 2 Stock Corporation Act as well as section 221(4) sentence 2 and section 186(4) sentence 2 Stock Corporation Act.

2. Parties involved

a) CECONOMY AG

aa) Registered office and registration with the commercial register

The Company is a listed German stock corporation (Aktiengesellschaft – AG) having its registered office in Düsseldorf, Germany. It is registered with the commercial register of Düsseldorf Local Court (Amtsgericht Düsseldorf) under the number HR B 39473. The business address of the Company is Kaistrasse 3, 40221 Düsseldorf, Germany.

bb) Business purpose

The Company's objects are:

- Trading activities of all kinds related to the operation of retailing enterprises, mail order, wholesale trade and sales channels based on new electronic media;
- Manufacturing and development of products that may be the object of commerce and of services;
- Execution of real-estate transactions of all kinds including property development;
- Services, in particular in connection with trading, consumer goods and logistics as well as trade-related digital business models;
- Brokering of financial services for, through or by affiliates and subsidiaries;
- Asset management.

The Company may do all such things and carry on all such business as may seem directly or indirectly conducive to the attainment of the Company's objects or are directly or indirectly related thereto. Any business requiring specific governmental permits, licences or approvals may not be transacted until after such permits, licences or approvals have been granted. The Company may establish, form, acquire, manage or purchase equity interests in, whether by minority shareholding or otherwise, or sell or dispose of any such enterprises in Germany and abroad active in the business areas specified above.

The Company may confine its activities to one or some of the business areas specified above. 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 subsidiaries and/or give them down to subsidiaries, 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.

cc) Share capital

The share capital of the Company currently registered with the commercial register amounts to EUR 918,845,410.90 and is divided into 356,743,118 CECONOMY Ordinary Shares and 2,677,966 CECONOMY Preference Shares. The CECONOMY Shares are admitted for trading on the regulated market (regulierter Markt) of the Dusseldorf Stock Exchange (Börse Düsseldorf) and on the regulated market (regulierter Markt) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) with simultaneous admission to the sub-segment of the regulated market (regulierter Markt) with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse); they are traded under ISIN DE0007257503 (CECONOMY Ordinary Shares) and ISIN DE0007257537 (CECONOMY Preference Shares).

dd) Shareholder structure

Based on the voting rights notifications pursuant to section 33 et seqq. of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG ("**Securities Trading Act**")), which were transmitted to the Company by 15 February 2022 the date of the present report, the following Shareholders directly and/or indirectly hold 3.00% or more of the current total number of voting rights pursuant to section 41 Securities Trading Act, which amounts to 356,743,118 (= total number of issued CECONOMY Ordinary Shares):

Entity subject to the notification requirement	Reported number of voting rights (not including instruments)	In %
Franz Haniel & Cie. GmbH	81,015,280	22.71 %
Meridian Stiftung	53,913,363	15.11 %
freenet AG	32,633,555	9.15 %
Prof. Otto Beisheim Stiftungen	23,515,334	6.59 %
Giovanni Agnelli B.V.	18,496,794	5.18 %
Morgan Stanley	10,867,825	3.05 %
Free float (below 3 %)	136,300,967	38.21 %
TOTAL	356,743,118	100.00 %

(Note: The percentages shown in the tables in this report have been rounded according to standard commercial practice. Therefore, the percentages in the tables do not exactly add up to 100.00%.)

(Note: The voting rights notifications submitted so far relate to a total number of voting rights pursuant to section 41 Securities Trading Act of 359,421,084 (= total number of all CECONOMY Shares issued), including the preference shares which have been previously eligible to vote. In this respect, it cannot be ruled out that voting rights notifications submitted up to now also relate to preference shares. In the absence of any information to the contrary, this report assumes that all reported shares are CECONOMY Ordinary Shares).

(Note: According to information available to the Management Board, Convergenta currently holds a small stake in the Company. However, no voting rights notifications pursuant to section 33 et seqq. Securities Trading Act have been transmitted by Convergenta to the Company in the past.)

Taking into account all the currently issued 359.421.084 CECONOMY Shares (i.e. including the non-voting CECONOMY Preference Shares), the Company's shareholder structure is as follows:

Entity subject to the notification requirement	Reported number of voting rights (not including instruments)	In %
Franz Haniel & Cie. GmbH	81,015,280	22.54 %
Meridian Stiftung	53,913,363	15.00 %
freenet AG	32,633,555	9.08 %
Prof. Otto Beisheim Stiftungen	23,515,334	6.54 %
Giovanni Agnelli B.V.	18,496,794	5.15 %
Morgan Stanley	10,867,825	3.02 %
Free float (below 3 %)	138,978,933	38.67 %
TOTAL	359,421,084	100.00 %

ee) Management Board and Supervisory Board

The members of the Management Board are Dr Karsten Wildberger (Chief Executive Officer and Labour Director) and Mr Florian Wieser (Chief Financial Officer). Dr Karsten Wildberger replaced Dr Bernhard Düttmann as Chairman of the Management Board with effect from 1 August 2021. Mr Florian Wieser replaced Ms Karin Sonnenmoser as Chief Financial Officer with effect from 1 May 2021.

The Supervisory Board, which is subject to joint co-determination by employees and shareholders, currently comprises the following 20 members: Mr Thomas Dannenfeldt (Chairman of the Supervisory Board), Ms Sylvia Woelke (Deputy Chair of the Supervisory Board), Ms Katrin Adt, Mr Wolfgang Baur, Mr Kirsten Joachim Breuer, Ms Karin Dohm, Ms Daniela Eckardt, Ms Sabine Eckhardt, Mr Thomas Fernkorn, Dr Florian Funck, Mr Ludwig Glosser, Ms Doreen Huber, Mr Jürgen Kellerhals, Ms Stefanie Nutzenberger, Ms Claudia Plath, Mr Jens Ploog, Dr Lasse Pütz, Dr Fredy Raas, Mr Jürgen Schulz and Mr Christoph Vilanek. Mr Thomas Dannenfeldt replaced Mr Jürgen Fitschen as Chairman of the Supervisory Board on 17 February 2021.

ff) Business model

The Company is an omnichannel platform for concepts and brands in the field of consumer electronics. The companies in the Company's portfolio have billions of consumer contacts each year and offer products, services and solutions designed to make living in the digital world as easy and enjoyable as possible. As the central management holding company of the CECONOMY Group, the Company covers basic functions such as finance, accounting, controlling, legal and compliance. The focus of the operating business is on the MediaMarktSaturn Retail Group ("**MMSRG**"), which includes the MediaMarkt and Saturn brands. The Company and MMSRG have had a uniform management structure since August 2021. The key activities of the Company are bundled – indirectly via the wholly-owned subsidiary CECONOMY Retail GmbH ("**CECONOMY Retail**") – within MSH. MSH is a fully consolidated subsidiary of the Company and as the holding company of MMSRG responsible for the latter's operative management.

Apart from MMSRG, the Company also holds the following direct and indirect interests:

- 80% in DTB Deutsche Technikberatung GmbH, a company providing professional technical assistance for the home;
- 2% in PMG Retail Market Ltd. ("**PMG**"), a joint venture with Greek company Olympia Group Ltd. ("**Olympia Group**");
- approximately 24.30% in Fnac Darty S.A. ("**Fnac Darty**"), the leading French retailer of consumer electronics and household appliances;
- 15% in PJSC "M.video" ("**M.video**"), Russia's market leader in consumer electronics;
- approximately 6.61% in METRO PROPERTIES GmbH & Co. KG ("**MPKG**"); and
- approximately 0.99% in the current METRO AG ("**METRO**").

gg) Strategy

The Company finds itself in a rapidly changing environment. Digitalisation has now extended to nearly all areas of private and public life. The needs of the various customer groups are changing accordingly.

The pace at which digital technology is advancing necessitates the right products, the right advice and associated services. This is the only way that customers can fully exploit the potential of digital trend.

Starting position

Digitalisation and innovation

As a long-term trend, one of the effects of digitalisation is that in-store businesses and online and mobile retail are blending into each other and customers 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. The products themselves are also becoming more innovative and interconnected. Customers' need for advice and direct contact partners when comparing, purchasing and operating consumer electronics is increasing accordingly. Customers want the benefits offered by the products while investing as little time as possible.

Changes in customers' everyday lives

The trend towards greater digitalisation in the day-to-day is also being driven by the COVID-19 pandemic. Although the potential changes to society are not definitively predictable, it is amplifying certain trends that have influenced the consumer electronics market for years. For example, more and more companies are implementing flexible working. Setting up a workplace at home and working remotely has become a reality for many employees, at least since the pandemic. Digital equipment for schools and their students has also become a big issue in the public's consciousness. 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 a pandemic, the

safest ways to stay informed, interact socially and communicate are digital. Older people in particular need help here in order to participate in the digital world.

The Company's strategic approach is based on meeting these varying requirements in the form of the right products and the corresponding advice and services, regardless of channel.

Strategic approach

In a technology-driven world, the Company'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.

At the same time, sustainability is an essential part of the corporate strategy, which is why a holistic sustainability strategy is being developed and consistently implemented. Sustainability is to be integrated into all of the Company's processes in accordance with the United Nations Sustainable Development Goals, namely by amending internal processes, reducing the company's emissions and shaping working conditions.

There are three key pillars to the Company's strategy:

1. Create an efficient organisation & structure

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

The stores will 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 organisations also supports the central management of important processes, including product range management, purchasing and logistics. The company will provide employees with additional digital tools in order to further improve service quality and efficiency and to make many activities easier for them. The use of technology and data analytics also ensures fast and efficient processes.

2. Build a unique value proposition

The Company employs an omnichannel model in order to offer customers a unique value proposition and thus increase their satisfaction and loyalty. This is based primarily on three factors: Firstly, a seamless omnichannel experience, including in the form of personalised customer experiences, both online and in store. Secondly, an optimised supply chain, including centralised procurement and continuous improvements in logistics, which in turn means higher availability of goods and faster delivery times. Thirdly, the performance promise is based on optimised category management, which aligns product range more closely to customer needs.

3. Accelerate growth path through the development of further offers and services

The Company's in-store and digital platforms, combined with high customer acceptance, are also a springboard for additional growth opportunities. In addition to the expansion of product range categories to innovative new areas of technology, relationships with business customers and manufacturers will thus come further to the fore in the future. Special B2B initiatives promote opportunities to sell to potentially underserved customer segments such as small and medium-sized enterprises. In addition, the Company's own sales channels are being successively opened up to external providers via the marketplace model in Germany and other countries.

Outlook

The Company is well prepared for the challenges of the next few years; the transformation to efficient structures and a unique value proposition is in full swing. The measures to implement the strategy are currently being specified further. The main focus is on the acceleration of the (digital) transformation of the omnichannel model and the further improvement of the customer experience.

hh) Business performance and situation of the Company and the CECONOMY Group

Financial year 2020/21 was the second year in a row that was characterised by the COVID-19 pandemic. From mid-December 2020 until June 2021, The Company and MMSRG faced restrictions even more severe than in the year before. After a very strong first quarter, which was driven by high customer demand and dynamically growing online business, the Company again had to close many stores across Europe, for several months in the core market Germany alone. This impacted business performance considerably, especially in the second and third quarters.

Nevertheless, the Company and MMSRG stayed on course. The business model proved very resilient. Despite the long-lasting restrictions in response to COVID-19, the Company successfully increased sales for the financial year to EUR 21.4 billion and realised positive total sales growth adjusted for currency effects and portfolio changes compared with the pre-pandemic level. The Company also demonstrated stability of earnings and generated adjusted EBIT at the previous year's level (2019/20: EUR 236 million). The Company thus achieved the business targets for financial year 2020/21 formulated in August. This means that, measured against the extraordinarily difficult conditions, the Company and MMSRG performed well overall in the past financial year.

The omnichannel strategy, the close integration of the online business with brick-and-mortar stores, was a crucial competitive advantage during the lockdowns. In financial year 2020/21, online sales grew extremely strongly by nearly 65 per cent. The Company thus compensated for the decline in brick-and-mortar business caused by store closures as a result of COVID-19. Characteristically for the entire financial year, the Company saw continuously high customer demand both in-store and online in countries that were not or were less severely affected by COVID-19 restrictions. Business performance was particularly good in Italy, Spain and Turkey.

At the same time, the Company and MMSRG also made further progress on their journey to becoming a thoroughly customer-oriented company. For example, new store formats were introduced and the logistics network continued to be strengthened. MMSRG also expanded its range of services – in the stores and in the online shops.

In addition, the Company reorganised its financing structure in the reporting period and additionally committed to its own sustainability targets within this framework. The CECONOMY-Group is solidly and fully financed for the years to come. The KfW credit facility, which the Company did not have to utilise at any time, was replaced (see below under item 1.2.a)jj) of this report).

The Management Board is convinced that the Company and MMSRG are well equipped for the future. The group has laid key foundations in order to make consistent use of its growth opportunities in the post-COVID world. The Company and MMSRG will stick to the path they have set out on: The Company will continue to press ahead with the digitalisation of its business model, expand the range of services in a targeted manner, and align all processes to the customers. The Company and MMSRG will continue to do everything to fulfil their ambition to be the first choice in the consumer electronics market – on all channels.

ii) Corporate strategy opportunities of the Company

Opportunities for the Company's future success are increasingly arising with regard to the exploration of new and innovative business areas. Customer's requirements and behaviours are constantly changing as advances are made in digitalisation and thus opening up new business areas in various sectors such as Smart Home, E-Sports, Healthcare and E-Mobility. The Company sees potential in new business models that offer customers excellent added value, fit in with the Company'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. The exploration of such new, innovative business areas and services is actively

promoted by observing the changes in customer needs, identifying new trends and developing innovative ideas. The Company is also continuously examining new concepts, strategic partnerships and acquisitions. New business areas can thus be occupied appropriately. As previously, CECONOMY intends to continue to encourage local and national market consolidation. The withdrawal of competitors would provide opportunities for further gains in market share. To this end, competitors are being analysed continuously and any opportunities that arise are always reviewed. In financial year 2020/21, for example, 17 stores were acquired from Worten Equipamentos do Lar S.A. and reopened under the MediaMarkt brand. Furthermore, additional potential is seen in the repositioning of country organisations and subsidiaries that are operating in a difficult economic or highly competitive environment. In addition, a dialogue is maintained with relevant start-ups in order to gain insights into new business areas and develop innovative ideas.

The Company is very well known in the countries where the CECONOMY Group is represented. Leading positions have been achieved in many markets, which must be further consolidated and extended. Ongoing transformation and repositioning measures, including within the reorganisation and efficiency programme and the introduction of the Operating Model, are aimed at improving the market position, making processes and decision-making channels more efficient and increasing profitability. Further opportunities arise, for example, from the consistent implementation of the business model transformation. This particularly relates to focus issues such as category management, supply chain, online and Services & Solutions and the international expansion of successful marketplace activities. The experience gained from the COVID-19 pandemic will be used in a targeted way for the further expansion of necessary processes and structures, especially for the full implementation of an omnichannel sales model. The Company is enhancing the customer-centric business models in ongoing business transformation projects. The aim is to generate opportunities from a persuasive customer value proposition that places CECONOMY in a unique position both in B2C and B2B. For this purpose, focus groups are analysed in order to focus strictly on customer needs. Another potential benefit for the Company is that the organisational overhaul of the CECONOMY Group and MMSRG that will result from the planned Transaction promises to lower its applicable tax load ratio (see below under item I.3.d) of the present report). All relevant options are being reviewed from an economic, legal and tax perspective.

A possible (further) reversal of the impairment taken on the investment in Fnac Darty S.A. was included as a new opportunity. As the stock exchange price of the investment accounted for using the equity method was significantly above amortised cost on the closing date of the half-year report, an expert assessment was commissioned. As a result of the expert reassessment, a reversal of the impairment on the investment in Fnac Darty S.A. of EUR 150 million was recognised as of 31 March 2021. Further, future potential reversals of impairment on the investment in Fnac Darty S.A. of a maximum of EUR 118 million and further potential value increases continue to be recognised as an opportunity.

The importance of sustainability as an issue is unchanged and, given current trends, its global importance will continue to grow. Customers, employees, investors, politicians and society have growing expectations, which the Company intends to fulfil. To this end, a holistic sustainability strategy was developed and consistently implemented. As well as increasing the attractiveness of the brand, offering and private labels, sustainability is giving rise to a plethora of new business models for the Company. These include the creation of a more sustainable product mix in the areas of circular economy business models, high-quality customer advice and education on sustainable consumption, and measures to reduce the CO₂ emissions of the Company's own operations. The major significance for the Company and the binding commitment to a better carbon footprint and a wider range of sustainable products is supported by the fact that the Company was one of the first European retail companies to join the European Commission's "Green Consumption Pledge Initiative", a voluntary initiative launched as part of the European Climate Pact. At the same time, the Company also committed to its sustainability targets under its syndicated revolving credit facilities, which include a pricing mechanism linked to the achievement of its targets. These opportunities and social engagement can have a positive influence on the Company's reputation. This is expected to help to increase sales in the medium term. Moreover, the Company believes that a sharper focus on sustainability has a positive influence on the share. The Company is to become more attractive to sustainability-oriented investors in particular and thus gain access to improved conditions.

jj) Financing structure

The Company, CECONOMY Retail and Convergenta are parties, among other things, to a shareholders' agreement dated 11 May 2020 which relates in particular to a loan agreement (as most recently amended and confirmed by the amendment agreement dated 12 May 2020) between parties including the Company, KfW and other financing banks ("**Old Revolving Credit Facility Agreement**"). The Old Revolving Credit Facility Agreement for a total amount of EUR 2.68 billion was entered into and restated in mid-May 2020 during the "first wave" of the COVID-19 pandemic. Apart from a facility in the amount of EUR 1.7 billion involving the German development bank KfW, this included the credit facilities of the Company existing up to then ("back-up facility") in the amount of EUR 980 million. The facility involving the KfW was never utilised during its existence. With effect from 9 August 2021, the entire Old Revolving Credit Facility Agreement was terminated. The Old Revolving Credit Facility Agreement contained certain restrictions in relation to the implementation of the Transaction which ceased to apply once the Old Revolving Credit Facility Agreement expired.

The loans under the revolving credit facility in the Old Revolving Credit Facility Agreement were replaced by a new syndicated revolving credit facility in the amount of EUR 1.06 billion which is tied to sustainability criteria ("**New Revolving Credit Facility Agreement**"). In addition to this, the Company issued a EUR 500 million five-year unsecured bond in June 2021.

Neither the bond nor the New Revolving Credit Facility Agreement contain restrictions in relation to the implementation of the Transaction as set out in the Amendment Agreement. The same applies to the documentation from 2017 underlying the outstanding promissory note bond.

b) CECONOMY Retail GmbH

CECONOMY Retail, a company having its registered office in Dusseldorf, Germany, is an intermediate holding company of the CECONOMY Group and is registered with the commercial register of Dusseldorf Local Court (Amtsgericht Düsseldorf) under the number HR B 44806. The business address of CECONOMY Retail is Kaistraße 3, 40221 Dusseldorf, Germany.

The object of CECONOMY Retail is to manage and promote trading companies and service providers that are specifically active in the following areas:

- 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 the fields of food and beverage and tourism;
- Arrangement of financial services for, through or by affiliates and subsidiaries and the implementation of such services via such companies; and
- Asset management.

CECONOMY Retail is entitled to engage in any and all activities and dealings that appear to be directly or indirectly suited to serving the company's objects or that are directly or indirectly connected thereto. It also can become active in the aforementioned fields on its own. Dealings requiring special government permits may not be pursued until such permits have been duly issued. CECONOMY Retail may establish, acquire, manage or sell off enterprises in Germany and abroad insofar as they are active in the above-specified lines of business; it may also limit itself to becoming a capital investor or minority shareholder in such enterprises. It may bring enterprises in which it holds a stake under its centralised management, or it may limit itself to merely administering its shareholdings.

The share capital of CECONOMY Retail registered with the commercial register amounts to EUR 501,000,100.00 and is divided into five shares with different nominal values. All the shares in CECONOMY Retail are held by the Company.

c) Convergenta Invest GmbH

Convergenta is a German investment and holding company under the (indirect) ownership of Ms Helga Kellerhals and Mr Jürgen Kellerhals. Ms Kellerhals and her late husband Mr Erich Kellerhals, who died in 2017, were the founders of the very first MediaMarkt store. Mr Jürgen Kellerhals is the son of Mr Erich Kellerhals and Ms Helga Kellerhals.

Convergenta has its registered office in Bad Wiessee and is registered with the commercial register of Munich Local Court (Amtsgericht München) under the number HR B 188629. The business address of Convergenta is Wiesseer Strasse 130, 83707 Bad Wiessee, Germany.

The object of Convergenta is to manage its own assets as well as to acquire investments in enterprises of all kinds.

The share capital of Convergenta registered with the commercial register amounts to EUR 1,025,000.00 and is divided into two shares. According to the most recent list of shareholders on file with the commercial register, these shares are held as follows:

- The share with serial number 1 having a nominal value of EUR 906,480.00, which corresponds to approximately 88.44% of Convergenta's share capital, is held by Convergenta Invest und Beteiligungs GmbH, which has its registered office in Salzburg, Republic of Austria, and is registered with the Register of Companies (Firmenbuch) of the Republic of Austria under the Register No. 249854h ("**CIB**"). The share capital of CIB registered with the Register of Companies (Firmenbuch) amounts to EUR 1,000,000.00. Of this, according to the Register of Companies (Firmenbuch), a capital contribution of EUR 550,000.00, i.e. approximately 55%, is attributable to Ms Helga Kellerhals and a capital contribution of EUR 450,000.00, i.e. approximately 45%, is attributable to Mr Jürgen Kellerhals.
- The share with serial number 2 having a nominal value of EUR 118,520.00, which corresponds to approximately 11.56% of Convergenta's share capital, is held by JKV European Investments S.A., which has its registered office in Luxemburg, Grand Duchy of Luxemburg, and which is registered with the commercial register & Register of Companies (Registre de Commerce et des Sociétés) of the Grand Duchy of Luxemburg under Register Number B83.500 ("**JKV**"). According to the Registre des bénéficiaires effectifs (Register of Beneficial Owners) of the Grand Duchy of Luxemburg, all shares of JKV are held by Mr Jürgen Kellerhals.

d) Media-Saturn-Holding GmbH

MSH is a fully consolidated, indirect subsidiary of the Company and is also the holding company of MMSRG responsible for the latter's operative management. Convergenta and CECONOMY Retail, in its capacity as a fully owned subsidiary of the Company, are co-shareholders in MSH.

aa) Registered office and registration with the commercial register

MSH has its registered office in Ingolstadt, Germany, and is registered with the commercial register of Ingolstadt Local Court (Amtsgericht Ingolstadt) under the number HR B 1123. The business address of MSH is Wankelstrasse 5, 85046 Ingolstadt, Germany.

bb) Share capital and shareholder structure

The share capital of MSH registered with the commercial register amounts to DM 70,000,000.00 (Deutschmarks) and is divided into 34 shares with various nominal values. The shares in MSH are held as follows:

- The shares with serial numbers 1 to 15 as well as 28 to 33, i.e. a total of 21 shares having an total nominal value of DM 54,865,270.00, are held by CECONOMY Retail. This corresponds to approximately 78.38% of the share capital of MSH.
- The shares with serial numbers 16 to 27, i.e. a total of twelve shares having an total nominal value of DM 15,134,680.00, i.e. the C/M Shares, are held by Convergenta. This corresponds to approximately 21.62% of the share capital of MSH.

- The share with serial number 34 with a nominal value of DM 50.00, i.e. the Ce/Co Share, is held jointly (in the sense of joint ownership according to section 18 of the German Limited Liability Companies Act (GmbH-Gesetz – GmbHG) by CECONOMY Retail and Convergenta, with the following applying:
 - CECONOMY Retail holds partial rights to the Ce/Co Share in the total amount of DM 33.00, which is equivalent to an interest of 66.00% in the Ce/Co Share.
 - Convergenta holds fractional rights to the Ce/Co Share in the total amount of DM 17.00, which is equivalent to an interest of 34.00% in the Ce/Co Share.

cc) Business purpose

The object of MSH is to manage assets, to acquire investments in enterprises of all kinds, as well as to render operational management services, management services and other services.

dd) Corporate bodies

The managing directors of MSH are the members of the Company's Management Board, i.e. Dr Karsten Wildberger (CEO) and Mr Florian Wieser (CFO).

Besides the shareholders' meeting, MSH also has an advisory board which advises the managing directors of MSH in carrying out their tasks and takes decisions on certain measures and transactions requiring prior consent. The advisory board of MSH currently consists of Dr Anna-Karina Bonacker, Mr Simon Printz, Mr Marc Schmidt, Mr Erich Schuhmacher and Dr Jörg Ritter.

3. Key benefits of the Transaction

a) Simplifying the corporate governance

The planned Transaction will serve to simplify the corporate structure of the CECONOMY Group in that MSH will become a fully owned subsidiary of the Company. Convergenta, for its part, will become the Company's largest shareholder. This will obviate the need to coordinate with Convergenta at the level of MSH as the holding company of MMSRG responsible for the latter's operative management, and thus optimise and accelerate (decision-making) processes within the CECONOMY Group, among other things. This in turn will make it easier to steer MMSRG and to efficiently implement relevant projects and realise business opportunities, while also enabling the performance of effective and cost-oriented financial management. Ultimately, the Transaction is intended to allow the proper focus to be placed on the operating business as well as on the implementation of the initiated transformation and strategy.

b) The Company as the central management holding company of the CECONOMY Group

In addition to reducing the complexity entailed by the current structure while optimising processes, the Transaction will also establish the Company as the central management holding company of the CECONOMY Group for the current shareholders as well as for Convergenta. By "rolling up" Convergenta's holding from the level of MSH up to the level of the Company ("**Roll-Up**"), Convergenta will be placed in the same position going forward as the existing shareholders; this will enable it to participate in the future growth of the CECONOMY Group just like all of the Company's other shareholders. After the implementation of the Capital Increase through Contributions in Kind, Convergenta would hold a stake of at least approximately 26.07% in the CECONOMY Ordinary Shares issued at that point and at least around 25.93% in the share capital of the Company; this stake could be further increased through the conversion of the Convertible Bonds and the issuance of the Conversion Shares to Convergenta. Convergenta aims to be a long-term shareholder of the Company with a stake of up to 29.90% in the CECONOMY Ordinary Shares to be issued in future. A portion of the stake that Convergenta will hold in the Company in the future in a volume of around 21.9% (or 22.1% if the current preference shares have not been converted into ordinary shares) of the total CECONOMY Ordinary Shares issued by the Company will be subject to a holding period (lock-up) of six months as of closing of the Transaction, but not beyond 31 December 2022.

c) Ensuring that the resolved conflict with Convergenta endures

The Transaction is intended to ensure that the resolution of the historic conflict between the Company and Convergenta continues in the long term. After the Transaction Agreements were entered into on 14 December 2020, all the pending legal disputes and proceedings between Convergenta on the one hand and the Company, CECONOMY Retail and MSH on the other which had not yet been finally and conclusively adjudicated by a court of law, or would not have been so adjudicated in the near term, were ended. The Roll-Up will also serve to eliminate the complex need to confer with Convergenta at the level of MSH as an operational management and holding company of MMSRG and to accelerate and simplify (decision-making) processes within the CECONOMY Group.

d) Significant value creation

Once the Transaction has been closed, it is intended to implement structural measures ("**Follow-up Restructuring**") which are currently being reviewed in detail (see also clause I.4.e) below of this report). The Follow-up Restructuring is intended to create significant value by opening up and ensuring the ability to exploit tax losses. These loss carry-forwards amount to around EUR 1,149 million (corporate income tax), around EUR 1,495 million (trade tax) and around EUR 132 million (corporate income tax/trade tax due to interest carry-forwards) as at 30 September 2021. Furthermore, as a result of the Transaction it will also be possible to use the ongoing annual losses at the level of CECONOMY for tax purposes, meaning that a further annual tax benefit can also be expected. Additional tax-related optimisation potentials will arise from the deductibility of the Company's costs (due to the conversion of dividends into taxable income) as well as holding cost savings. Subject to the Transaction being closed in this financial year and any structural measures being implemented in time, the Management Board expects that the Transaction will have a positive effect on the earnings per CECONOMY Share, on a fully diluted basis, from year one. How long the tax loss carry-forwards will be utilised depends on how business develops.

Enabling and ensuring the long-term usability of existing tax-loss carry-forwards are subject to the proviso of the existing loss carry-forwards of the Company not dropping away, whether partially or as a whole, in the context of the intended Transaction or after it has been implemented. To cite an example, the loss carry-forwards 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(1) sentence 1 of the German Corporate Income Tax Act (Körperschaftsteuergesetz – KStG). In the view of Management Board, no such acquisition of an ownership interest has taken place. In addition, the Company has not been subjected to a tax audit for eleven assessment periods. In this regard, it cannot be ruled out that the amount of the exploitable loss carry-forwards may be reduced in the context of the tax audit. In the view of the Management Board, based on the current status of proceedings there could be additional potential for loss carry-forwards; the Management Board assesses the overall risk entailed by a tax audit as being low as far as the amount is concerned. Finally, there is the possibility that the spin-off of METRO could be retrospectively classified as not being tax-neutral, which would result in a significant amount of loss carry-forwards dropping away. However, the Management Board takes the view that in this regard as well, the risk is low. Above and beyond the tax-related potential to create added value, the Company aims to achieve holding cost savings (worth around EUR 1 million in 2021/22 and after that around EUR 4 million each year).

As a result, the Transaction not only holds out the prospect of potential value for the Company – it also promises to have a bullish effect on the future trend of the value and price of CECONOMY Shares that ultimately will benefit all shareholders. Due to Convergenta's Target Shareholding, the Transaction will lead to changes in the Company's shareholder base, meaning that as a result of the division of METRO this change in Shareholders could itself trigger property transfer tax at METRO Properties GmbH & Co. KG for which the Company is liable. The value of the possible property transfer tax is currently estimated at approximately EUR 40 million. However, according to the Management Board's assessment, it can be assumed that the Transaction will not result in the relevant (i.e. detrimental) threshold being exceeded in the Company's shareholder base.

e) Financing the Transaction through a mix of New Shares, Convertible Bonds and limited cash funds as a liquidity-saving, low-debt option

Given that the consideration for the Transaction has been structured so as to consist predominantly of New Shares from the proposed Capital Increase through Contributions in Kind and the issuance of Convertible Bonds that optionally can be converted into Conversion Shares, in conjunction with a merely limited Cash Component in the total amount of EUR 130 million, this means that the liquidity of the Company will not be unduly encumbered and that its balance-sheet indebtedness will be kept within limits. This is in line with the Company's conservative financing strategy.

While the Exclusion of Pre-emptive Rights associated with the Capital Increase through Contributions in Kind and the issuance of the Convertible Bonds will lead to a proportional dilution for the existing Shareholders in terms of their ownership interest in the Company. At the same time, however, Convergenta's share in the earnings of MSH for the period, which is projected to be in excess of EUR 40 million annually in the coming three years, can be reported as part of the earnings for the period accruing to the Shareholders in future, and thus will be an additional benefit besides the value-creation potential.

f) The Transaction continues to be supported by the CECONOMY Key Shareholders

The Company has informed the Shareholders Haniel, Meridian Stiftung, freenet AG and Prof. Otto Beisheim Stiftungen (jointly referred to as the "**CECONOMY Key Shareholders**") about the Transaction and the continued implementation of the Transaction by means of the resolution of the General Meeting proposed under agenda item 2. They indicated, in each case individually and independently of one another, that they support the Transaction and that they each will exercise their voting rights accordingly at the extraordinary General Meeting.

g) Investors have reacted positively to the Transaction's announcement

The aforementioned benefits are corroborated by the positive reaction of investors to the public announcement of the planned Transaction. In the wake of the announcement of the planned Transaction by the ad hoc announcement of the Company after the close of trading on 14 December 2020, the price of the CECONOMY Ordinary Share (XETRA) rose from a closing price of EUR 4.096 on 14 December 2020, to a closing price of EUR 5.125 on the following day, 15 December 2020. This represents a price surge of approximately 25%. On the subsequent days, the price of the CECONOMY Ordinary Share continued to rise, recording an increase of around 40% at closing on Friday, 18 December 2020, as compared to the closing price of 14 December 2020, before the Transaction was announced.

4. Description of the Transaction

a) Background of the Transaction

The current structure of MMSRG forms the background of the Transaction.

The articles of association of MSH provide that resolutions as a rule require more than 80% of the votes cast in order to be adopted by the shareholders' meeting of MSH; this means that as a result of the Contribution Shares, which are equivalent to approximately 21.62% of the share capital of MSH, Convergenta has a blocking minority with regard to certain resolution topics to be addressed by the shareholders' meeting of MSH. In addition, an advisory board has been in place at MSH since 2012, which has decision-making power over a specified list of resolution topics and which currently consists of three members delegated by CECONOMY Retail and two members delegated by Convergenta. Due to these shareholder rights and this specific corporate governance, the Company and Convergenta are forced to a certain extent to coordinate with each other with respect to MSH and MMSRG. In the past, all this has led to recurring conflicts (some of which were significant), which culminated in more than 20 court proceedings that have meanwhile ended; these went all the way to the Federal Court of Justice (Bundesgerichtshof – BGH) in some cases, but have now been brought to a close. Thus far, total costs of approximately EUR 8.1 million have been incurred by the Company and by CECONOMY Retail as a result of the conflict between the shareholders.

The specific structure of the Company's (indirect) majority shareholding in MSH and the longstanding conflict between the Company and Convergenta, in its capacity as minority shareholder of MSH, hinders the

realisation of cost synergies that could be obtained by a more efficient steering of MMSRG, as well as the efficient implementation of relevant projects and business opportunities and of an effective and cost-oriented financial management system. Moreover, the current structure also hinders or prevents the realisation of tax efficiencies and leads to excess administrative costs. All of these circumstances have been perceived in the past, not least by analysts and investors, as a drag factor for the CECONOMY Group and for the Company's share price.

Intensive discussions and negotiations between the Company and Convergenta on how to solve the shareholder conflict and reorganise MSH's shareholder base culminated on 14 December 2020 in the conclusion of the Transaction Agreements between the Company and Convergenta as the contractual basis of the Transaction. The Transaction is intended to streamline the overall current structure, realise value-creation potentials and to reorganise the shareholder structure at MSH while bringing about a final resolution to the many years of conflict between the Company and Convergenta.

b) History

On 14 December 2020, the resolutions of the Management Board and Supervisory Board regarding the implementation of the Transaction and notarisation of the Transaction Agreements were adopted. The Company subsequently published an ad hoc disclosure in which the Company announced the conclusion of the Transaction Agreements and the Transaction. The ad hoc disclosure contained information stating that the consummation of the Transaction among other things required a resolution by the Company's General Meeting approving these actions.

On 17 February 2021, the Company's Annual General Meeting then approved the Transaction under what was then agenda item 8 with a majority of 98.94% of votes cast (by the ordinary and preference shareholders) ("**First GM Resolution**").

Following the First GM Resolution, individual shareholders brought nullity actions and actions to set aside against the First GM Resolution before Dusseldorf Regional Court (Landgericht Düsseldorf). The Company subsequently filed an application for the approval of entry of the resolutions in the commercial register according to section 246a Stock Corporation Act before Dusseldorf Higher Regional Court (Oberlandesgericht Düsseldorf). In the application for the approval of entry of the resolutions the Company submitted an application for declaration that the legal actions brought by the claimants against the First GM Resolution before Dusseldorf Regional Court do not stand in the way of the Capital Increase through Contributions in Kind resolved and the Conditional Capital resolved being entered in the commercial register and that defects in the First GM Resolution do not affect the validity of the entry. Convergenta joined the proceedings for approval of the resolutions as an intervening party on the side of the Company.

On 8 July 2021, Dusseldorf Higher Regional Court stated its legal opinion during the oral hearing in the proceedings for approval of the resolutions that alongside a vote by all the shareholders (i.e. ordinary shareholders and preference shareholders with voting rights) separate votes according to share classes would also have been required. The Company published an ad hoc disclosure the same day pointing out that it believed that there was no longer sufficient certainty that the Transaction could be performed in the 2020/21 financial year. The Company also pointed out that it still intended to close the Transaction.

On 15 July 2021, the Company published another ad hoc disclosure announcing that in view of the legal opinion held by Dusseldorf Higher Regional Court it was considering presenting the Transaction to a General Meeting to be resolved on once again, it being necessary in particular to further evaluate whether the Shareholders should possibly vote in their relevant share classes as well or whether the (outstanding) preference dividends of the Company's preference shareholders should first be satisfied in full. Furthermore, the Company pointed out that against this background it would also withdraw the application for the approval of entry of the resolutions in the commercial register filed at Dusseldorf Higher Regional Court but that it nevertheless still intended to implement the Transaction. Finally, the ad hoc disclosure pointed out that the Company no longer assumed that it would still be able to close the Transaction in the 2020/21 financial year.

On 5 November 2021, the Company published another ad hoc disclosure in which it announced that it would be presenting the Transaction to the General Meeting once again for resolution. The Company added that this resolution would take place in an extraordinary General Meeting, subject to the resolution by the 2022 Annual General Meeting regarding a dividend distribution in the amount of around EUR 63 million. This dividend

distribution will be used to (i) satisfy the claims to dividends by holders of preference shares for the financial year ending on 30 September 2021 and in relation to all claims to preference dividends and (ii) make a dividend payment in the amount of EUR 0.17 per share to the ordinary shareholders. In addition, it was pointed out in the ad hoc disclosure that the Company was seeking to close the Transaction in the ongoing 2021/22 financial year if possible.

On 9 February 2022, the Company's Annual General Meeting resolved on use of the net profit for the 2020/21 financial year under agenda item 2. In the context of this, it was resolved that the net profit for the 2020/21 financial year in the total amount of EUR 85,668,402.39 would be used as follows:

- distribution of a subsequent dividend per preference share in the amount of EUR 0.17 for financial year 2017/18; for 2,677,966 dividend-bearing preference shares this comes to EUR 455,254.22;
- distribution of a subsequent dividend per preference share in the amount of EUR 0.17 for financial year 2018/19; for 2,677,966 dividend-bearing preference shares this comes to EUR 455,254.22;
- distribution of a subsequent dividend per preference share in the amount of EUR 0.17 for financial year 2019/20; for 2,677,966 dividend-bearing preference shares this comes to EUR 455,254.22;
- distribution of a dividend per preference share in the amount of EUR 0.23 for financial year 2020/21; for 2,677,966 dividend-bearing preference shares this comes to EUR 615,932.18;
- distribution of a dividend per ordinary share in the amount of EUR 0,17 for financial year 2020/21; for 356,743,118 dividend-bearing ordinary shares this comes to EUR 60,646,330.06;
- profit brought forward EUR 23,040,377.49.

The resolved dividend and the subsequent preference dividends were paid out to the Shareholders on 14 February 2022. Thus, the preference shareholders in principle no longer have any voting rights.

c) Structure

Under the Transaction, the Contribution Shares shall be contributed to the Company by Convergenta by way of the Contribution in Kind in return for the Total Consideration being granted to Convergenta, which consists of the Stock Component, the Convertible Bond Component and the Cash Component.

The following key steps are planned in order to further implement the Transaction:

- Adoption of a resolution by the Management Board to conclude the Amendment Agreement, already on 5 November 2021;
- Consent of the Supervisory Board to conclusion of the Amendment Agreement; already granted on 5 November 2021;
- Conclusion of the Amendment Agreement, already done on 9 November 2021;
- Resolution of the Management Board, already effected on 25 November 2021, and the Supervisory Board, already effected on 13 December 2021, regarding the proposal made to the extraordinary General Meeting under agenda item 2;
- Resolution of the extraordinary General Meeting regarding the Transaction, as proposed under agenda item 2; and
- Registration of the implementation of the Capital Increase through Contributions in Kind and of the Conditional Capital 2022/I with the commercial register.

Against this background, the currently remaining steps specifically required in order to consummate the Transaction are, in particular, the extraordinary General Meeting's adoption of the resolution consenting to the proposal made by the Management Board and Supervisory Board under agenda item 2, and the

registration of the implementation of the Capital Increase through Contributions in Kind and of the Conditional Capital 2022/I with the commercial register.

The closing of the Transaction will result in the Roll-Up of Convergenta's shareholding from the level of MSH up to the level of the Company resulting in the following structure:

- Once the contribution of the Contribution Shares to the Company has been implemented, the Company will hold approximately 21.62% of the share capital of MSH directly and at the same time will hold indirectly, via CECONOMY Retail, approximately 78.38% of the share capital of MSH, and thus a total of 100% of the share capital of MSH. Convergenta, which until now has been a minority shareholder of MSH, will, for its part, exit completely from MSH.
- In return, Convergenta will initially acquire a direct stake in the Company amounting to at least approximately 26.07% of the CECONOMY Ordinary Shares then issued, or at least approximately 25.93% of the Company's share capital.
- The conversion of the Convertible Bonds and the issuance of the Conversion Shares from the Conditional Capital 2022/I is intended to cause the stake held by Convergenta to increase to up to 29.90% of the CECONOMY Ordinary Shares issued at the relevant time ("**Convergenta's Target Shareholding**"), or approximately 29.74% of the Company's share capital.

As regards the New Shares resulting from the Capital Increase through Contributions in Kind and the Conversion Shares resulting from the conversion of the Convertible Bonds, Convergenta has assumed the following contractual obligations under the Agreement in Principle (version amended by the Amendment Agreement):

- Effective from 9 November 2021, i.e. the conclusion date of the Agreement in Principle, until six months after the day on which implementation of the Capital Increase through Contributions in Kind and implementation of Conditional Capital 2022/I are recorded in the commercial register ("**Closing Date**"), but not beyond 31 December 2022, Convergenta agrees to refrain from undertaking any sales, dispositions or other economically comparable actions or measures, but will remain entitled to freely dispose at any time over up to 4% of the CECONOMY Shares then issued ("**Lock-up Agreement**"); and
- Effective for six months after the Closing Date, but not beyond 31 December 2022, Convergenta agrees not to acquire any CECONOMY Shares or take any other measures such as would result in it gaining control within the meaning of section 29 et seqq. of the Securities Takeover Act ("**Standstill Agreement**"). The acquisition of CECONOMY Shares in order to reach Convergenta's Target Shareholding will remain unaffected hereby.

d) Shareholder structure of the Company following closing of the Transaction

aa) Shareholder structure after implementation of the Capital Increase through Contributions in Kind

Upon implementation of the Capital Increase through Contributions in Kind, the total number of CECONOMY Ordinary Shares will increase from 356,743,118 CECONOMY Ordinary Shares at present by 125,800,000 New Shares to 482,543,118 CECONOMY Ordinary Shares. Subsequently, the Company's shareholder structure would look as follows:

Shareholder/entity subject to the notification requirement	CECONOMY Ordinary Shares	In %
Convergenta	125,800,000	26.07 %
Franz Haniel & Cie. GmbH	81,015,280	16.79 %
Meridian Stiftung	53,913,363	11.17 %
freenet AG	32,633,555	6.76 %
Prof. Otto Beisheim Stiftungen	23,515,334	4.87 %
Giovanni Agnelli B.V.	18,496,794	3.83 %
Morgan Stanley	10,867,825	2.25 %
Free float (below 3 %)	136,300,967	28.25 %
TOTAL	482,543,118	100.00 %

(Note: The percentages shown in the tables in this report have been rounded according to standard commercial practice. Therefore, the percentages in the tables do not exactly add up to 100.00%.)

(Note: The voting rights notifications submitted so far relate to a total number of voting rights pursuant to section 41 Securities Trading Act of 359,421,084 (= total number of all CECONOMY Shares issued), including the preference shares which have been eligible to vote until now. In this respect, it cannot be ruled out that voting rights notifications submitted up to now also relate to preference shares. In the absence of any information to the contrary, this report assumes that all reported shares are CECONOMY Ordinary Shares).

(Note: According to information available to the Management Board, Convergenta currently holds a small stake in the Company. However, no voting rights notifications pursuant to section 33 et seqq. Securities Trading Act have been transmitted by Convergenta to the Company in the past.)

Upon implementation of the Capital Increase through Contributions in Kind, the total number of CECONOMY Shares (= total share capital of the Company) will increase from 359,421,084 CECONOMY Shares at present by 125,800,000 New Shares to 485,221,084 CECONOMY Shares. On this basis – and therefore in particular if the conversion of the CECONOMY Preference Shares into CECONOMY Ordinary Shares according to agenda item 4 is also resolved and performed – the Company’s shareholder structure would look as follows:

Shareholder/entity subject to the notification requirement	CECONOMY Shares	In %
Convergenta	125,800,000	25.93 %
Franz Haniel & Cie. GmbH	81,015,280	16.70 %
Meridian Stiftung	53,913,363	11.11 %
freenet AG	32,633,555	6.73 %
Prof. Otto Beisheim Stiftungen	23,515,334	4.85 %
Giovanni Agnelli B.V.	18,496,794	3.81 %
Morgan Stanley	10,867,825	2.24 %
Free float (below 3 %)	138,978,933	28.64 %
TOTAL	485,221,084	100.00 %

bb) Shareholder structure after conversion of Convertible Bonds by Convergenta until the Convergenta’s Target Shareholding is reached

If Convergenta converts Convertible Bonds and, therefore, Conversion Shares are issued up to a number sufficient to reach Convergenta’s Target Shareholding, then the total number of CECONOMY Ordinary Shares following implementation of the Capital Increase through Contributions in Kind, namely 482,543,118 CECONOMY Ordinary Shares, may increase by 26,362,900 Conversion Shares to 508,906,018 CECONOMY Ordinary Shares. Assuming Convergenta’s Target Shareholding is reached, the Company’s shareholder structure would look as follows:

Shareholder/entity subject to the notification requirement	CECONOMY Ordinary Shares	In %
Convergenta	152,162,900	29.90 %
Franz Haniel & Cie. GmbH	81,015,280	15.92 %
Meridian Stiftung	53,913,363	10.59 %
freenet AG	32,633,555	6.41 %
Prof. Otto Beisheim Stiftungen	23,515,334	4.62 %
Giovanni Agnelli B.V.	18,496,794	3.63 %
Morgan Stanley	10,867,825	2.14 %
Free float (below 3 %)	136,300,967	26.78 %
TOTAL	508,906,018	100.00 %

Upon conversion of Convertible Bonds by Convergenta and the issuance of Conversion Shares to reach Convergenta’s Target Shareholding, the total number of CECONOMY Shares (= total share capital of the Company) following implementation of the Capital Increase through Contributions in Kind, namely

485,221,084 CECONOMY Shares, may increase by 26,362,900 Conversion Shares to 511,583,984 CECONOMY Shares. On this basis – and therefore in particular if the conversion of the CECONOMY Preference Shares into CECONOMY Ordinary Shares according to agenda item 4 is also resolved and performed without Convergenta making use of its right to convert to such a higher extent – the Company’s shareholder structure would look as follows:

Shareholder/entity subject to the notification requirement	CECONOMY Shares	In %
Convergenta	152,162,900	29.74 %
Franz Haniel & Cie. GmbH	81,015,280	15.84 %
Meridian Stiftung	53,913,363	10.54 %
freenet AG	32,633,555	6.38 %
Prof. Otto Beisheim Stiftungen	23,515,334	4.60 %
Giovanni Agnelli B.V.	18,496,794	3.62 %
Morgan Stanley	10,867,825	2.12 %
Free float (below 3 %)	138,978,933	27.17 %
TOTAL	511,583,984	100.00 %

cc) Shareholder structure following complete conversion of the Convertible Bonds by Convergenta

Upon complete conversion of the Convertible Bonds by Convergenta, the total number of CECONOMY Ordinary Shares following implementation of the Capital Increase through Contributions in Kind, namely 482,543,118 CECONOMY Ordinary Shares, would increase by initially 27,859,778 Conversion Shares to 510,402,896 CECONOMY Ordinary Shares. The Company’s shareholder structure would then look as follows:

Shareholder/entity subject to the notification requirement	CECONOMY Ordinary Shares	In %
Convergenta	153,659,778	30.11 %
Franz Haniel & Cie. GmbH	81,015,280	15.87 %
Meridian Stiftung	53,913,363	10.56 %
freenet AG	32,633,555	6.39 %
Prof. Otto Beisheim Stiftungen	23,515,334	4.61 %
Giovanni Agnelli B.V.	18,496,794	3.62 %
Morgan Stanley	10,867,825	2.13 %
Free float (below 3 %)	136,300,967	26.70 %
TOTAL	510,402,896	100.00 %

Pursuant to the Standstill Agreement, a complete conversion of the Convertible Bonds which would result in Convergenta gaining control over the Company within the meaning of the Securities Takeover Act is ruled out for a period of six months after the Closing Date, but not beyond 31 December 2022.

Upon complete conversion of the Convertible Bonds by Convergenta, the total number of CECONOMY Shares (= the total share capital of the Company) after implementation of the Capital Increase through Contributions in Kind, namely 485,221,084 CECONOMY Shares, would increase by initially 27,859,778 Conversion Shares to 513,080,862 CECONOMY Shares. On this basis – and therefore in particular if the conversion of the CECONOMY Preference Shares into CECONOMY Ordinary Shares according to agenda item 4 is also resolved and performed – the Company’s shareholder structure would look as follows:

Shareholder/entity subject to the notification requirement	CECONOMY Shares	In %
Convergenta	153,659,778	29.95 %
Franz Haniel & Cie. GmbH	81,015,280	15.79 %
Meridian Stiftung	53,913,363	10.51 %
freenet AG	32,633,555	6.36 %
Prof. Otto Beisheim Stiftungen	23,515,334	4.58 %
Giovanni Agnelli B.V.	18,496,794	3.61 %
Morgan Stanley	10,867,825	2.12 %
Free float (below 3 %)	138,978,933	27.09 %
TOTAL	513,080,862	100.00 %

e) Follow-up Restructuring

Directly following the Transaction, certain structural measures are to be implemented as part of a Follow-up Restructuring in order to allow for and ensure the long-term ability to exploit existing tax-loss carry-forwards of the Company. These structural measures are currently still under review. However, the Agreement in Principle (version as amended by the Amendment Agreement) stipulates that only non-binding preparations may be made in relation to the Follow-up Restructuring prior to consummation of the Transaction.

f) Total Consideration

aa) Components of the consideration

The Total Consideration of approximately EUR 815 million which shall be granted to Convergenta in return for acquisition of the Contribution Shares is divided into the following components:

- **Stock Component.** Convergenta shall receive 125,800,000 New Shares (eligible to participate in profits as of 1 October 2021) as a fixed consideration component having a total value of approximately EUR 524 million, on the basis of the 3M-VWAP of the CECONOMY Ordinary Shares of approximately EUR 4.17 before the announcement of the Transaction on 14 December 2020 (i.e. between the opening price on 14 September 2020 and the closing price on 11 December 2020), which New Shares are to be issued as part of the Capital Increase through Contributions in Kind and subject to the Exclusion of Pre-emptive Rights. The New Shares are to be issued at the lowest issue price. The difference between the issue price of the New Shares and any higher equity investment value of the non-cash contributions is to be allocated to the capital reserves in accordance with section 272(2) no. 4 German Commercial Code (Handelsgesetzbuch – HGB) as far as possible.
- **Convertible Bond Component.** Convergenta shall receive 1,510 Convertible Bonds with an aggregate principal amount of EUR 151,000,000.00 and a market value at the time of the announcement of the Transaction of EUR 160 million, which are to be issued by the Company in return for the Contribution in Kind under Exclusion of Pre-emptive Rights. The Convertible Bonds will grant their bearers conversion rights for an initial total of up to 27,859,778 Conversion Shares, for purposes of whose issuance the Conditional Capital 2022/I is to be created. The initial conversion price will be EUR 5.42 per Conversion Share. Taking the 3M-VWAP of EUR 4.17 as a reference price, this results in a conversion premium of around 30%. The Convertible Bonds will mature in five years as of their issuing date. The interest coupon amounts to 0.05% p.a. Convergenta will have no obligation to convert. Further details regarding the Convertible Bond Component are set out in the Terms and Conditions for the Convertible Bonds, which was made available for download on the Company's website, from the date the extraordinary General Meeting of the Company was convened, namely as Schedule 1.1. to the Subscription Agreement (version as amended by the Amendment Agreement) on the "Investor Relations" page, section "General Meeting" (www.ceconomy.de/general-meeting).
- **Cash Component.** Convergenta shall receive a Cash Component totalling EUR 130 million. The Capital Increase through Contributions in Kind and the issuance of Convertible Bonds are being made, with regard to this payment obligation of the Company above and beyond the granting of New Shares and Convertible Bonds, by way of a hybrid contribution in kind.

The Cash Component will fall due in the following two tranches:

- EUR 80 million when the Capital Increase through Contributions in Kind is implemented;
- EUR 50 million at the time of performance of the Capital Increase through Contributions in Kind, but no earlier than on 9 August 2022.

The Company's payment obligations will not be subject to interest. The right to claim statutory default interest remains unaffected.

bb) Fairness Opinion issued by Société Générale Corporate & Investment Banking

The Management Board asked Société Générale Corporate & Investment Banking ("**SocGen**") to prepare a Fairness Opinion exclusively for the benefit of the Management Board and Supervisory Board as to whether the agreed Total Consideration is fair for the Company from a financial point of view. In the Fairness Opinion issued on 3 November 2021, SocGen concluded that, subject to the assumptions and constraints outlined in the Fairness Opinion, the Total Consideration was fair for the Company from a financial point of view as at the date of issue of the Fairness Opinion, i.e. 3 November 2021.

cc) Enterprise valuation by PwC

In the context of preparing for and implementing the Transaction, the Management Board instructed PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft ("**PwC**") to perform a fundamental enterprise valuation of MSH and the Company in accordance with the version of Standard IDW S1 of the Institut der Wirtschaftsprüfer in Deutschland e.V. (Institute of Public Auditors in Germany) applicable as at 2008 ("**IDW S1**"), this being intended to ensure that the lowest issue price can be attained in connection with the Capital Increase through Contributions in Kind and the issuance of the Convertible Bonds, and also to verify the adequacy of the issue price, including of the applied exchange ratio within the meaning of section 255(2) sentence 1 Stock Corporation Act (see below under item I.5. of the present report). In its expert opinion, PwC is to determine the enterprise values of MSH and the Company from the viewpoint of the Company using the discounted cash-flow ("**DCF**") method. The reference date for the valuation was defined as 12 April 2022.

The expert opinion by PwC ("**Expert Opinion**") will be made available for download on the Company's website, from the date the extraordinary General Meeting of the Company is convened, on the "Investor Relations" page, section "General Meeting" (www.ceconomy.de/general-meeting). The Management Board has asked PwC to issue a declaration as per the reference date of 12 April 2022, this being the date of the extraordinary General Meeting, regarding the (non-)occurrence of any essential changes between the date of the Expert Opinion and the valuation reference date, i.e. the date of the extraordinary General Meeting.

dd) Verification of the Contribution in Kind by Mazars

By decision dated 22 November 2021, Dusseldorf Local Court , at the request of the Company dated 15 November 2021, appointed Ms Susann Ihlau, Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, with business address at Bennigsen-Platz 1, 40474 Dusseldorf, Germany ("**Mazars**"), to audit the Contribution in Kind associated with the Capital Increase through Contributions in Kind and the Convertible Bonds (including the Conditional Capital 2022/I created to service them).

g) Transaction Agreements

The Transaction Agreements concluded on 14 December 2020 between Convergenta and the Company, i.e. the Agreement in Principle, Contribution Agreement and Subscription Agreement (including Terms and Conditions) as well as the Amendment Agreement concluded on 9 November 2021, will be made available for download on the Company's website, from the date the extraordinary General Meeting of the Company is convened, on the "Investor Relations" page, section "General Meeting" (www.ceconomy.de/general-meeting). In this respect, the following description is limited to a summary of the main contents of the Transaction Agreements based on the assessment of the Management Board, each as amended from time to time.

aa) Agreement in Principle

(1) Clause 1 (Transaction)

Clause 1 sets out the provisions agreed between the Parties with respect to transferring the Contribution Shares from Convergenta to the Company in return for the Company's grant of the Total Consideration to Convergenta, whereby these provisions are specifically subject to the detailed provisions contained in the Agreement in Principle and to satisfaction of the conditions precedent set forth in clause 10.1 of the Agreement in Principle (or subject to the waiver of these conditions precedent, to the extent that they may permissibly be waived).

(2) Clause 2 (Transaction Modules)

Clause 2 governs the Transaction Modules, i.e. the key obligations incumbent upon the Parties in connection with the Capital Increase through Contributions in Kind, the issuance of the Convertible Bonds, the Contribution in Kind, the subscription and assumption of the New Shares and Convertible Bonds by Convergenta, the Cash Component, as well as the Conditional Capital 2022/I. Under this clause, the Management Board and the Supervisory Board agreed to present the proposed resolution to the Annual General Meeting under agenda item 2. Convergenta, for its part, agrees to subscribe for and take over the New Shares and to take over the Convertible Bonds, specifically subject to the detailed provisions set forth in the Agreement in Principle.

(3) Clause 3 (Contribution Agreement)

Clause 3 provides for the conclusion of the Contribution Agreement, specifically subject to the detailed provisions of the Contribution Agreement, and subject to satisfaction of the conditions precedent set forth in clause 10.1 of the Agreement in Principle (or subject to the waiver of these conditions precedent, to the extent that they may permissibly be waived). As a supplemental provision, the Company undertook to recognise the Contribution Shares at cost under German commercial law and at market value under German tax law. The difference between the lowest issue price of the New Shares and any higher equity investment value of the non-cash contributions is to be allocated to the capital reserves in accordance with section 272(2) no. 4 German Commercial Code as far as possible. No share premium is to be payable.

(4) Clause 4 (Convertible Bonds)

Clause 4 provides for the conclusion of the Subscription Agreement, specifically subject to the detailed provisions of the Contribution Agreement and to the satisfaction of the conditions precedent set forth in clause 10.1 of the Agreement in Principle (or subject to the waiver of these conditions precedent, to the extent that they may permissibly be waived).

(5) Clause 5 (Valuation)

Clause 5 provides for an enterprise valuation to be performed by PwC and an audit of the Contribution in Kind by Mazars.

(6) Clause 6 (Obligations of the Parties)

Clause 6 includes the following provisions regarding dilution protection, Convergenta's Target Shareholding, implementation measures and Follow-up Restructuring:

- **Dilution protection:** Effective from the date of conclusion of the Amendment Agreement, i.e. 9 November 2021, to the Closing Date, the Company is under the obligation to not make use of the approved capital (genehmigtes Kapital) or the conditional capital and (with the exception of renewal of existing capital authorisations, including the authorisation to acquire and use the Company's own shares) to not propose any further corporate actions to the General Meeting.
- **Convergenta's Target Shareholding:** Convergenta is to attain Convergenta's Target Shareholding by exercising the conversion right in the manner stipulated for the Convertible Bonds and by receiving

Conversion Shares in addition to the New Shares created under the Capital Increase through Contributions in Kind.

– **Implementation measures:**

- The necessary preparatory and implementation measures are to be completed in a timely manner so as to ensure that the full documentation for convening the Annual General Meeting can be forwarded to the Federal Gazette (Bundesanzeiger); and
 - Initiation and conduct by the Company of one or more proceedings to obtain release for the entry of resolutions into the commercial register within the meaning of section 246a Stock Corporation Act in the event of lawsuits challenging the resolution adopted by the Annual General Meeting as proposed under agenda item 2.
- **Follow-up Restructuring:** The Parties agree to move the integration of MSH forward without undue delay following the closing of the Transaction through appropriate structuring measures in order to allow for and ensure the long-term ability to exploit existing tax-loss carry-forwards of the Company. Only non-binding preparatory measures may however be taken in respect of this Follow-up Restructuring prior to the consummation of the Transaction.
- **Profit distributions:** Clause 6.1 of the version of the Agreement in Principle before conclusion of the Amendment Agreement contained provisions regarding a deviation from the proportional full distribution of the profits of MSH for financial year 2019/20. A partial distribution of profits was to be made alone to CECONOMY Retail. To this end, a resolution regarding the distribution of profits was adopted and Convergenta's entitlement to distributions was deferred. Otherwise, the profits were transferred to the reserves. Due to the Transaction being delayed after the end of the financial year, these provisions are obsolete and were cancelled by the Amendment Agreement. MSH's shareholders' meeting resolved (i) a distribution/direct withdrawal of the profits for financial year 2019/20 transferred to the reserves and a pay-out in line with the shareholding ratios in CECONOMY Retail and Convergenta as well as (ii) in addition, a payment of the previously deferred amount to Convergenta. The payment was made in October 2021.

(7) Clause 7 (Admission to the Stock Exchange)

Clause 7 governs the preparation of the investment prospectus so as to ensure that the New Shares and Conversion Shares will be admitted for trading on the regulated market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) as of the Closing Date, but no earlier than eight weeks after the extraordinary General Meeting. In addition, clause 7 provides for the Lock-up Agreement and Standstill Agreement of Convergenta (see the foregoing discussion under item I.4.b) of the present report).

(8) Clause 8 (Cooperation)

Clause 8 regulates the good faith cooperation between Parties with regard to implementing the Transaction as well as the Parties' obligation to provide regular updates on the current status of implementation of the Transaction.

(9) Clause 9 (General Settlement)

Clause 9 includes a general settlement of affairs, i.e.:

- The Shareholders' Agreement is to be cancelled along with all other potentially existing agreements between the Company and/or the Company's affiliated enterprises (with the exception of MSH or its subsidiaries) on the one hand, and Convergenta and/or Convergenta's affiliated enterprises and their direct and indirect shareholders on the other, to the extent that such agreements relate to MSH or CECONOMY Retail (with or without the involvement of additional third parties), with this cancellation being subject to the occurrence of the Closing Date as a condition precedent;
- The ongoing legal disputes and proceedings between Convergenta on the one hand and the Company and CECONOMY Retail, on the other hand, which have not yet been finally and conclusively

adjudicated, or that will be so adjudicated in the near term, are to be terminated as quickly as reasonably possible following the conclusion of the Agreement in Principle, whereby each lawsuit is to be withdrawn such that the Parties will bear their own legal costs while splitting the court costs (Kostenaufhebung);

- Convergenta is to receive a lump-sum reimbursement for costs incurred for the legal disputes and proceedings between Convergenta on the one hand and the Company and CECONOMY Retail, on the other, which have already been finally and conclusively adjudicated, in the total amount of EUR 200,000.00 and due for payment within ten calendar days after conclusion of the Agreement in Principle.

(10) Clause 10 (Closing)

Clause 10 governs the following conditions precedent as well as the Parties' right to rescind:

- **Conditions precedent:**

The provisions in clauses 1 to 4, 6.1 to 6.3, 6.5 and 9.1 are subject to the following condition precedent:

- Consent of the Management Board and Supervisory Board to the conclusion and implementation of the Agreement in Principle and to the Transaction (see on this point item I.4.b) of the present report).

The provisions in clauses 1, 2.2, 3, 4, 6.2, 6.3, 6.5 and 9.1 are subject to the following condition precedent:

- Adoption of a resolution of approval by the General Meeting under agenda item 2.

- **Right to rescind:** A right to rescind applies

- if a resolution of approval under agenda item 2 has not been adopted by the Annual General Meeting by 12 May 2022; or
- if legal actions are brought challenging the adoption of the resolution of approval by the Annual General Meeting under agenda item 2 and proceedings for the release for entry of resolutions into the commercial register pursuant to section 246a Stock Corporation Act subsequently fail because the court issues an order denying the application or the application is withdrawn by the Company in at least one of the proceedings.

In the event of a rescission, neither Party will enjoy any rights or claims against the other Party, except for any rights or claims that already existed prior to the rescission.

(11) Clause 11 (Confidentiality)

Clause 11 contains a confidentiality agreement as well as the arrangements made between the Parties regarding the ad hoc disclosure issued by the Company on 14 December 2020, and also regarding investor relations communications and press communications in connection with the Transaction.

(12) Clause 12 (Miscellaneous)

Clause 12 contains among other things a provision stating that the costs of notarising the Agreement in Principle and the other documentation for implementation of the Transaction are to be borne by the Company and that it will bear a share of 78% in Convergenta's proven legal costs in connection with the Transaction for costs of up to EUR 500,000, i.e. a maximum of EUR 390,000, this regardless of whether the Transaction is carried out.

bb) Contribution Agreement

(1) Clause 1 (Contribution of C/M Shareholding)

Clause 1 provides for Convergenta to assign to the Company all the Contribution Shares, along with all existing profit rights and profit-participation rights existing as at 30 September 2020 ("**Cut-Off Date**"), plus the entitlement to all profits not yet distributed as dividends by the Cut-Off Date, plus all subscription rights and other rights related to the Contribution Shares existing as at the Cut-Off Date, subject to the proviso that Convergenta is to contribute the Contribution Shares into the Company for purposes of their economic allocation towards the Capital Increase through Contributions in Kind on the one hand and the issuance of the Convertible Bonds and payment of the Cash Component on the other (Contribution in Kind), whereby (i), on the one hand, the portion of the Contribution Shares corresponding to the ratio between the agreed value of the Stock Component and the sum total of the agreed values of the Cash Component, Convertible Bonds and Stock Component will be contributed towards the Capital Increase through Contributions in Kind; and (ii), on the other hand, the remaining portion of the Contribution Shares will be contributed towards the issuance of Convertible Bonds and the payment of the Cash Component. In addition, clause 1 contains provisions on restricted transferability (Vinkulierung) as well as on the pre-emptive purchase right pursuant to the MSH Articles of Associations.

(2) Clause 2 (Consideration for Non-cash Contribution)

Clause 2 covers the Company's obligation to issue the New Shares along with the legal reservation applicable under stock corporation law as set out in section 187 Stock Corporation Act and the prohibition against setting off claims and asserting rights of retention.

(3) Clause 3 (Issue of New Shares)

Clause 3 sets forth the particulars of the Company's obligation to issue the New Shares as well as Convergenta's obligation to execute the subscription form for the New Shares. In addition, clause 3 encompasses a provision on dilution protection as well as on the implementation of the Capital Increase through Contributions in Kind.

(4) Clause 4 (Consideration for Convertible Bonds Contribution)

Clause 4 covers the Company's obligation to issue the Convertible Bonds and to pay the Cash Component in the wake of issuing the Convertible Bonds, along with the legal reservation applicable under stock corporation law pursuant to section 187 Stock Corporation Act, and the prohibition against setting off claims and asserting rights of retention.

(5) Clause 5 (Cash Component)

Clause 5 governs among other things the maturity of the two tranches of the Cash Component.

(6) Clause 6 (Issuance of the Convertible Bonds)

Clause 6 sets forth the particulars of the Company's obligation with respect to the issuance of the Convertible Bonds, Convergenta's obligation to subscribe and take over the Convertible Bonds, and the obligation of the Company and Convergenta to conclude the Subscription Agreement. In addition, clause 6 contains a provision on the creation of the Conditional Capital 2022/I.

(7) Clause 7 (Warranties)

Clause 7 contains the following independent warranties to be issued by Convergenta pursuant to section 311(1) German Civil Code (Bürgerliches Gesetzbuch – BGB) on the date of conclusion of the Amendment Agreement and on the Closing Date:

- That Convergenta has unqualified ownership of the Contribution Shares;

- That the Contribution Shares have been issued in an effective manner; that contributions have been paid in full towards the Contribution Shares and that there are no repayments towards the Contribution Shares (including undisclosed repayments);
- That the Contribution Shares are free of third-party rights;
- That there are no restrictions of the right to dispose over the Contribution Shares; and
- That the Contribution Shares represent the entire stake of Convergenta in MSH or in enterprises that are dependent on MSH.

(8) Clause 8 (Duties to Cooperate and Inform)

As regards clause 8, reference is made to clause 8 of the Agreement in Principle.

(9) Clause 9 (Closing Conditions)

Clause 9 governs the following conditions precedent and the Parties' right to rescind:

- **Conditions precedent:**

Provisions set forth in clauses 1.1, 2.1, 3.1, 3.4, 4.1, 6.1 and 6.3:

- Consent of the Management Board and Supervisory Board to the Transaction (see on this point item I.4.b) of the present report);
 - Adoption of a resolution of approval by the General Meeting under agenda item 2; and
 - Entry of the implementation of the Capital Increase through Contributions in Kind and of the Conditional Capital 2022/I in the commercial register.
- **Right to rescind:** As regards the Parties' right to rescind the Contribution Agreement, reference is made to clause 10 of the Agreement in Principle.

(10) Clause 10 (MSH Voting Rights)

Clause 10 irrevocably obligates Convergenta to not exercise any voting rights at the MSH meeting of shareholders during the period between the Closing Date and the date on which MSH's new list of shareholders is accepted into the commercial register. In addition, the provision includes an irrevocable proxy voting power to the benefit of the Company effective for this period.

(11) Clause 11 (Payments)

Clause 11 contains the bank account information of Convergenta as well as a provision regarding payment details.

(12) Clause 12 (Confidentiality, Press Release)

Clause 12 contains a confidentiality agreement between the Parties.

(13) Clause 13 (Miscellaneous)

As regards clause 13, reference is made to clause 12 of the Agreement in Principle.

cc) Subscription Agreement

(1) Clause 1 (Issue and Takeover of the Convertible Bonds)

Clause 1 sets forth the particulars regarding the issuance, securitisation, assumption and delivery of the Convertible Bonds as well as regarding the transfer of ownership of the global note for the Convertible Bonds.

(2) Clause 2 (Global Note for Settlement Shares)

Clause 2 sets forth the Company's obligation to execute the global note(s) for purposes of the Convertible Bonds' conversion into Conversion Shares.

(3) Clause 3 (Warranties)

Clause 3 contains the following independent warranties to be issued by the Company pursuant to section 311(1) German Civil Code (BGB):

- That the Company is authorised to issue the Convertible Bonds, to conclude the Subscription Agreement, and to assume and fulfil the obligations arising therefrom;
- That the Company will procure all the acts required for the issuance of the Convertible Bonds and for the issuance and execution of the global note;
- That the conclusion of the Subscription Agreement will not constitute a contravention, breach, or non-fulfilment of a contract or of an agreement, nor a breach of the Company's articles of association or of other corporate-law agreements; that the Company will issue the Convertible Bonds and observe the provisions of the Subscription Agreement; and that the issuance of Convertible Bonds stipulated in the Subscription Agreement will be duly implemented; and
- That the Convertible Bonds will be issued in a legally effective manner and that the Company will enter into legally binding and enforceable obligations once it has signed and handed over the global note, subject to mandatory statutory regulations that may possibly restrict the effectiveness or enforceability of a given obligation.

(4) Clause 4 (Repayment)

Clause 4 governs the Company's obligation to repay the outstanding nominal value of the Convertible Bonds on the repayment date or, in the event of a premature repayment, on the corresponding repayment date.

(5) Clause 5 (Closing Conditions)

Clause 5 governs the following conditions precedent and the Parties' right to rescind:

- **Conditions precedent:**

The consummation of the Subscription Agreement is to be subject to the following conditions precedent:

- Consent of the Management Board and Supervisory Board to the Transaction (see on this point item I.4.b) of the present report);
 - Adoption of a resolution of approval by the General Meeting under agenda item 2;
 - Entry of the implementation of the Capital Increase through Contributions in Kind and of the Conditional Capital 2022/I in the commercial register; and
 - Legal effectiveness of the transfer of the Contribution Shares to the Company subject to the provisions of the Contribution Agreement.
- **Right to rescind:** As regards the Parties' right to rescind the Subscription Agreement, reference is made to clause 10 of the Agreement in Principle.

(6) Clause 6 (Confidentiality, Press Releases)

Clause 6 contains a confidentiality agreement between the Parties.

(7) Clause 7 (Miscellaneous)

As regards clause 7, reference is made to clause 12 of the Agreement in Principle. In addition, clause 7 contains a provision governing the terminology used in the Subscription Agreement.

5. Explanation and justification of the exchange ratio

In the context of the Transaction, Convergenta is to contribute the Contribution Shares, which correspond to a stake of approximately 21.62% in the equity capital of MSH, to the Company. The Total Consideration agreed for the acquisition of the Contribution Shares consists of: (i) 125,800,000 New Shares, (ii) 1,510 Convertible Bonds having an aggregate principal amount of EUR 151,000,000.00 and (iii) the Cash Component totalling EUR 130,000,000.00. Convergenta aims to acquire a stake in the Company of up to 29.90% of the CECONOMY Ordinary Shares.

The planned exchange ratio is the result of negotiations between the Company and Convergenta concerning the Company's acquisition of the Contribution Shares and the key terms and conditions governing this acquisition. The specified amount of the Total Consideration is derived from a valuation of the Contribution Shares that was mutually accepted by the Parties under the Agreement in Principle concluded on 14 December 2020.

For purposes of determining the fairness of the issue price and the exchange ratio for the Capital Increase through Contributions in Kind and for the issue of the Convertible Bonds, the Management Board appointed PwC, as an independent expert, to perform a fundamental valuation of MSH and the Company in accordance with Standard IDW S1 so as to ensure that the lowest issue price is attained in the context of the Capital Increase through Contributions in Kind and the issuance of the Convertible Bonds, and also to verify the fairness of the issue price, including the exchange ratio applied, within the meaning of section 255(2) sentence 1 Stock Corporation Act, and to report its findings on the matter in the form of an expert opinion.

In line with its mandate, PwC not only examined whether the Contribution in Kind attains the lowest issue price for the New Shares of approximately EUR 2.56 per New Share and attains the issue price of the Convertible Bonds, but also whether the agreed exchange ratio between the value of the Contribution in Kind and the value of the Total Consideration to be rendered to Convergenta is reasonable. The evaluation was based on the reference date of 12 April 2022, i.e. the date of the extraordinary General Meeting at which a resolution on the Capital Increase through Contributions in Kind and on the issuance of Convertible Bonds is to be adopted.

The conclusion reached in the Expert Opinion is that the exchange ratio, and thus also the issue price of the New Shares and the Convertible Bonds, is reasonable. The Management Board has thoroughly reviewed the Expert Opinion and fully embraces the conclusions made therein with regard to the valuation methodology and the results, particularly when it comes to the valuation of the Company and MSH.

The discussion below begins by describing the valuation methodology selected by PwC in its Expert Opinion and then proceeds to present the results of the valuations of both the Company as well as of MSH. It then summarises the findings of the Management Board as to the fairness, based on the values calculated, of the issue price of the New Shares and the exchange ratio and also of the Exclusion of Pre-emptive Rights in connection with the Capital Increase through Contributions in Kind and the issuance of Convertible Bonds.

a) Valuation methodology

aa) Requirements applicable to setting the exchange ratio pursuant to section 255(2) Stock Corporation Act

In line with the above-described structure of the Transaction, the Company plans to implement a Capital Increase Through Contributions in Kind pursuant to section 182 et seq. Stock Corporation Act under Exclusion of Pre-emptive Rights. In addition, the Company also intends to issue Convertible Bonds under Exclusion of Pre-emptive Rights. The resolution adopted by the General Meeting regarding the Capital Increase through Contributions in Kind may be challenged by the Shareholders pursuant to section 255(1) Stock Corporation Act. According to section 255(2) Stock Corporation Act, permissible grounds for such a challenge are deemed given if the resolution regarding the Capital Increase by Contribution in Kind sets an issue price or a minimum price for issuing shares that is "unreasonably low" (unangemessen niedrig). Thus the objective of

section 255(2) Stock Corporation Act is to protect the original shareholders from an unreasonable dilution of their assets and their dividend entitlement in the wake of a Capital Increase through Contributions in Kind with Exclusion of Pre-emptive Rights. Although section 255(2) Stock Corporation Act has direct applicability only to capital increases by cash contributions, it is also applicable by analogy to capital increases through contributions in kind as well as to the issuance of convertible bonds excluding pre-emptive rights.

Conversely, it can be derived from the aforementioned regulation that a shareholders' challenge to the resolution cannot be justified on the grounds of a supposedly incorrect valuation if the value of the contribution in kind corresponds to the value of the shares or convertible bonds issued in return as consideration, since this would not cause any unreasonable dilution for the Shareholders. Thus, the decisive point here is the exchange ratio, i.e. the balance between the performance to be rendered and its corresponding consideration or, in the present case, the value of the Contribution in Kind to be made by the in-kind contributor relative to the value of the Shares and Convertible Bonds, which the Company will issue in return. This means that if one is to determine whether the consideration is fair, one must first arrive at a reasonable value for the share capital of MSH as at the key reference date of 12 April 2022, i.e. the day on which the extraordinary General Meeting is to adopt its resolution regarding the Capital Increase through Contributions in Kind and the issuance of Convertible Bonds.

The value calculation was performed by applying not only the principles for performing valuations in accordance with Standard IDW S1 – the valuation principles elaborated by the established legal precedents of the courts were also used; these principles were essentially developed in order to be able to determine a reasonable settlement or compensation amount in connection with the conclusion of a domination and profit and loss transfer agreement pursuant to section 291 et seqq. Stock Corporation Act or in connection with a squeeze-out under stock corporation law pursuant to section 327a et seqq. of the Act.

bb) Principles and methods for performing business evaluations according to Standard IDW S1

According to Standard IDW S1, the value of a company is determined by the benefits which the company will be able to generate in future due to the success factors it can draw upon at the time of the valuation, including its ability to innovate as well as its products, market position, internal organisation, workforce and management. Based on the operative assumption that purely financial objectives are to be pursued, the Company's value is derived from its capacity to generate a financial surplus for the company owners through the interplay of all the various factors which influence its ability to generate earnings.

According to Standard IDW S1, company values may be calculated using the discounted earnings value method (Ertragswert-Verfahren) or the discounted cash-flow (DCF) method. Both valuation methods essentially are equivalent and – assuming the same financing parameters and thus the same net income streams received by the company owners – will lead to the same results. This is because they are based on the same concept of investment theory (calculation of net present value). In the case at hand, the valuation was performed using the DCF method.

In both valuation methods, the first step is to determine the cash value of the free cash-flows derived from those assets that are essential for operations (operating assets). Any assets (including debts) that can be transferred individually without affecting the fundamental company purpose are to be treated as non-essential to operations (non-operating assets).

The cumulative cash values of the free cash-flows derived from the operating assets and non-operating assets in principle will equal the company value.

Whereas the discounted earnings value method (Ertragswert-Verfahren) attributes the free cash-flows identified directly to the equity-capital contributor, the DCF method, in its commonly used "gross approach", follows a two-step approach. In step one, the total market value of the company is calculated as the cumulative cash value of all future free cash-flows that are available to the contributors of equity capital and external capital. In step two, the market value of the external capital is deducted from the total market value so as to arrive at the market value of the equity capital.

Projecting the future free cash-flows poses the central problem for any company valuation. The earnings power the company has demonstrated in the past serves as a general starting point for plausibility reviews. In the process, the valuation must consider only those free cash-flows that result from measures already

initiated or from a business strategy that has been sufficiently specified and documented. If the earnings prospects are expected to change for reasons related to the enterprise itself and/or altered conditions in the market or in the competitive environment, then any identifiable differences are to be taken into account.

When calculating company values, the assumption generally should be that, subject to any applicable legal restrictions, all the free cash-flows generated by a business concept which has been documented by the reference date will be paid out as dividends. When calculating the net income streams received by the company owners, any retained earnings are to be considered as well as the manner of their allocation/reinvestment.

To value a company, the future free cash-flows as at the valuation reference date are to be discounted with an appropriate interest rate. This discount rate allows the relevant decision-makers to compare the resulting figures to those that would result from an alternative course of action.

Given the relevance which personal income taxes have to the valuation, standardised tax profiles appropriate to the individual case need to be assumed in order to arrive at the company value. In the case of company valuations performed in the context of a company sell-off or other corporate measure, it is sensible to use indirect standardisation. Here, the operative assumption is made that the personal income tax burden owed on the net income streams derived from the company to be valued corresponds to the personal income tax burden that would be owed on the returns from an alternative investment in a portfolio of stocks. In line with this assumption, the net income streams received by the shareholders are not reduced to reflect personal income tax but are discounted with a stock yield which, though also not adjusted for income tax effects, is still influenced by these effects. This allows the personal tax burden of the individual shareholder to be indirectly accounted for on the basis of the typical tax profiles of a large number of capital market investors (shareholders).

If it emerges that a separate sell-off of all operating and non-operating assets would be more beneficial than continuing the business as a going concern, then the valuation should be based on the relevant liquidation values, unless this is impossible due to legal or objective constraints. A calculation of liquidation values was dispensed with in the present case since based on a number of estimates made it can be safely assumed that the calculated DCF values will exceed the liquidation values.

The net value of tangible assets does not have any informative significance of its own in the context of a company valuation.

The above-described principles and methods are generally accepted cornerstones of the current theory and practice of company valuation and are recognised in the established legal precedents handed down by the courts.

cc) Allocation of synergies

In the case of a capital increase through contribution in kind excluding pre-emptive rights, the evaluation of the fairness of the exchange ratio should also take into account the synergies and other economies of scope (Verbundvorteile) arising from the Transaction that add value to the company and that accrue to the benefit of the (original) shareholders in the wake of implementing the Capital Increase through Contributions in Kind. The same must also apply to the issuance of Convertible Bonds in return for Contribution in Kind under the Exclusion of Pre-emptive Rights. When determining fair and reasonable settlements in the context of structural measures under stock corporation law real synergies are not taken into account since the view is that the "forced" disinvestment resulting from the measure means that the minority shareholders have no interest in the real synergies arising from the implementation of the measure. In contrast to this, during capital increases through contributions in kind excluding pre-emptive rights and issuances of convertible bonds, different interests are involved.

Unlike in the case of structural measures under stock corporation law, the rights and entitlements associated with the share are not directly limited by the Capital Increase through Contributions in Kind or the issuance of Convertible Bonds. The original shareholders, though they may suffer an overall dilution of their dividend entitlement and voting rights in the wake of the Capital Increase through Contributions in Kind under Exclusion of Pre-emptive Rights and the exercise of conversion rights for the Convertible Bonds, still continue to hold a stake in the Company. Thus, even after the Transaction's implementation and after the Capital

Increase through Contributions in Kind and the exercise of conversion rights, the original shareholders will still participate in the real synergies in line with their pro rata stakes. Despite the resulting dilution of the voting rights, taken as a whole the Transaction could still prove to be economically advantageous to the original shareholders, given that they will be able to participate in the real synergies associated with the Transaction. Due to these synergies, the value of the shares held by the original shareholders will actually increase over its pre-Transaction level.

b) MSH

aa) Valuation basis for deriving the company value of MSH

The basis for the company valuation of MSH commissioned by the Management Board is the budget planning prepared by MSH as part of its regular planning process.

The company valuation commissioned in this case is a complete company value appraisal within the meaning of Standard IDW S1. In the opinion of the Management Board, the factors and interest rates to be applied all fall within the ranges required by the IDW.

The company value essentially consists of the value of the operating assets plus the value of the non-operating assets. MSH held liquid funds of EUR 1,013.0 million as at 30 September 2021. These liquid funds are required to run the ongoing business operations. Insofar as liquid funds are required for operations, they were counted towards the net working capital (NWC). MSH does not hold any substantial liquid funds at present that are not required for operations.

In order to determine the value of the operating assets, a forecast was made for a detailed planning phase (Phase I) and for a subsequent period (Phase II; so-called perpetual annuity phase). For Phase I, a period of three financial years from 2021/22 (budget) to 2023/24 (medium-term planning) was considered. The forecast prepared for MSH for this purpose is based on the Company's consolidated budget planning for the aforementioned financial years; first of all, its plausibility was checked on the basis of a historical analysis of financial years 2018/19 to 2020/21, which included a review of planning accuracy. To this end, any extraordinary components of past earnings (mainly restructuring expenses) were identified and converted into a normalised earnings figure (EBIT before restructuring expenses). The plausibility of the planning assumptions was further verified on the basis of the planning and with the aid of external industry data and market data.

The first step in valuing the operating assets is to derive future Earnings Before Interest and Taxes (EBIT). To derive a sustainable EBIT from 2024/25 onwards (Phase II), the numbers assumed for the last planning year were essentially modified so as to be able to carry forward a sustainable growth rate of 0.5%. In order to derive the reinvestment rate to be applied in Phase II in lieu of the depreciations, it was assumed that depreciations would correspond to the sustainable demand for investment.

The projected EBITs were then used to derive the discounted free cash-flows. In the process, the EBITs were first reduced by corporate income taxes, under the assumption that the company would be debt-free (notional corporate income taxes). The corporate income taxes accruing during the planning period were determined under application of the effective tax rate derived from the budget planning. The effective tax payments which were included in the Company's budget planning were calculated at the level of the individual national companies while allowing for country-specific tax regulations and any existing loss carry-forwards.

To determine income taxes during the perpetual annuity phase, the effective group tax rate of MSH was included in the calculation. Any tax loss carry-forwards existing at the country level at the end of the detailed planning phase were deducted from the sustainable income tax liability in the form of a tax-savings annuity while allowing for the carry-forwards' time-limited applicability under the relevant national laws.

Also, in order to derive the free cash-flows allocable to the contributors of equity capital and external capital, non-cash earnings and expenses were eliminated on the basis of balance-sheet planning and replaced by corresponding revenues and expenses. For example, investment expenses were assumed instead of depreciations, while non-income changes to other assets and liabilities, such as net current assets, were taken into account.

Also considered in calculating the free cash-flows were those portions of the annual earnings of the relevant companies that were attributable to the minority shareholders (essentially the managing directors of the retail outlets) during the relevant planning years.

The free cash-flows were discounted using a weighted average cost of capital (WACC) derived from the costs of equity capital and external capital so as to arrive at the total value of the company as at the valuation date. It was assumed that annual earnings would be paid out in full as dividends during the detailed planned phase and during the perpetual annuity phase.

The value of the operating assets (market value of equity capital) was determined by subtracting the market value of interest-bearing external capital from the total value of the enterprise.

MSH's minority shareholdings as at 30 September 2021 in M.video (15%) and in PMG (25%) were subsequently allocated to the market value of the equity capital as extraordinary items.

On this basis, the total enterprise value (Gesamtunternehmenswert) of MSH was first determined as at 30 September 2021 (as a technical valuation date). Audited financial statement data is available for MSH as at this reference date and the planning also covers the full extent of each financial year beginning on 1 October and ending on 30 September. Therefore, all the relevant documentation was available as per the technical reference date of 30 September 2021.

The total enterprise value was reduced by net financial liabilities as at 30 September 2021, so as to arrive at the market value of the equity capital (equity value (Marktwert des Eigenkapitals)) of MSH as at the technical valuation date.

To arrive at the equity value of MSH as at 12 April 2022, the equity value of MSH as at 30 September 2021 was deemed to accrue interest until 12 April 2022 in line with the equity capital costs; this same ending value can also be derived using the income value method as long as the same harmonised assumptions are maintained.

bb) Setting the discounting rate

(1) Calculating the discount rate

In order to value a company, one must discount its future free cash-flows as at the valuation date by applying an appropriate interest rate. The costs of equity capital and external capital are first weighted in accordance with the capital shareholdings of the contributors of equity capital and external capital (weighted average cost of capital or WACC) and are then used as the discount rate. The WACC corresponds to the minimum interest rate which the object of the valuation must generate in order not to place the contributors of equity capital and external capital in a worse position than if they had invested in the next-best alternative.

To determine the rate of the weighted cost of capital, it is purposeful to break this down into component rates for equity capital and for external capital.

In addition, the possibility must also be considered that the free cash-flows may grow after the end of the planning period; this must be reflected in the valuation process by including a growth discount in the discount rate (WACC).

(2) Deriving the cost of equity capital

The cost of equity capital is determined based on the (expected) yield of an alternative capital investment that is adequate in comparison to the object of the valuation.

In the process of calculating company values, the alternative yield should generally be assumed to equal the typically achievable yields from a bundle of company shares listed on the capital markets (stock portfolio), and an adjustment should be made to reflect the risk profile of the object of the valuation. If the applicable personal income tax rates are indirectly derived from typical benchmark rates, then the free cash-flows to be discounted should not be reduced by personal income taxes, nor should the discount rate be reduced by personal taxes before being applied.

When it comes to determining the yields of company shares, it is customary to differentiate between two components: the base rate of interest and the risk premium (the product of the beta factor and the market-risk premium).

If appropriate, an inflation differential and a country-risk premium should be factored in as well.

(3) Base rate of interest

As recommended by the IDW, the yield curve used for purposes of deriving the base rate of interest was calculated under consideration of the current interest rate level and the yield curve data published by Deutsche Bundesbank. The yield curve data used consisted of estimated values calculated based on the observed current yields of (quasi) risk-free coupon debentures, i.e. German Federal Bonds (Bundesanleihen), German Federal Medium-Term Bonds (Bundessobligationen) and German Federal Treasury Notes (Bundesschatzanweisungen).

The yield curve calculated depicts the correlation between interest rates and maturity terms that prevails for zero-coupon bonds without any credit-default risk. The use of zero-bond factors derived from the yield curve in accordance with the appropriate maturity terms ensures that an equivalent term structure will be maintained between the alternative investment and the free cash-flows to be valued.

Based on the yield curve and under consideration of the term structure of the free cash-flows to be evaluated, a uniform base rate of interest of 0.1% before personal income taxes was deemed appropriate as at 11 February 2022. Given that a typical shareholder profile was indirectly assumed as a benchmark in the case at hand, it would be inappropriate to reduce the base rate of interest by a personal income tax rate.

(4) Risk surcharge

Entrepreneurial activity always entails risks and opportunities. It is therefore impossible to forecast future free cash-flows with absolute certainty. As compensation for assuming this business risk (entrepreneurial risk), market investors demand risk surcharges (risk premiums) in addition to the base rate of interest.

Depending on how the alternative investment is defined, a number of different capital-market pricing models are available to quantify the risk surcharge for the company to be valued; these are based on the risk premium prevailing for a given market portfolio (market risk premium, "**MRP**") and allow an individual risk premium to be estimated for the company. Given that a typical shareholder profile was indirectly assumed, the "Capital Asset Pricing Model" ("**CAPM**") was selected.

When the CAPM is applied, the company's specific risk premium before personal taxes is calculated by multiplying the company's "beta factor" with the market premium before personal taxes. The beta factor serves to measure enterprise risk in relation to market risk. A beta factor greater than 1 means that the equity value of the company in question exhibits an above-average sensitivity to market fluctuations, while a beta factor of less than 1 means that the equity value will on average be relatively less sensitive to such fluctuations.

The market risk premium expected for the future can be estimated based on the historically observed difference between the yield of risky securities, e.g. on the basis of a stock index, and the yield of (quasi) risk-free capital market investments. Empirical studies of the German capital markets show that, depending on the reference period selected, investments in stocks historically have obtained average yields from 4 to 7% higher than investments in (quasi) risk-free capital market investments. Taking due account of the currently applicable tax laws and of the assumptions made to arrive at typical tax profiles, a market risk premium before personal taxes of 7.5% was used for the purpose of valuing MSH.

Given that MSH is not publicly listed, it is impossible to empirically determine individualised beta factors for the company. Beta factors of comparable, publicly listed companies had to be used instead. Thus, a first step was to derive an average, unlevered beta factor for a portfolio of comparable companies. For purposes of the present valuation, we used the capital markets data supplied by the financial information provider S&P Capital IQ based in New York City, New York, USA.

The group of relevant comparable companies was selected and limited by looking for publicly listed companies that operate on the consumer electronics market. When it comes to selecting the group of comparable companies, it generally is sensible and meaningful to focus on companies in the same industry that offer similar products and/or services and that are subject to the same market structures as the object of the valuation (e.g. a similar competitive environment). The comparable companies which were selected are listed below:

- Best Buy Co. Inc., Richfield, Minnesota, USA
- Currys plc (renamed, previously Dixons Carphone plc), London, United Kingdom
- CECONOMY
- Fnac Darty
- M.video

Taking into account the capital structure of these comparable companies as at their most recent balance sheet dates, an "unlevered beta factor" (the beta factor of a purely self-financed, i.e. debt-free company) ranging from 0.38 to 1.50 was calculated for each of them. This averages out to an unlevered beta factor of approximately 0.85, which was in turn applied for the valuation of MSH.

In the case at hand, the unlevered beta factor was adjusted based on the capital structure of MSH as at 30 September 2021 (known as "gearing" or "levering"). The adjustment of the beta factor serves to include in the calculation leasing liabilities as an interest-bearing financing component, since these leasing liabilities have increased due to the application of IFRS 16.

(5) Inflation differential

Since the base rate of interest previously calculated had been derived from the yield curve structure for German government debentures, it still had to be adjusted at the level of MSH's national companies so as to reflect the inflation rates expected in the relevant countries; only then could the company-specific capital costs be determined. It should be noted that the earnings forecasts shown in the budgeting calculations and the free cash-flows derived from these are nominal figures and thus reflect differing, country-specific expectations regarding inflation in each case. These inflation expectations generally do not match the ones prevailing in Germany.

For this reason, the base rate of interest used to derive the company-specific capital costs was adjusted by a weighted inflation differential. The inflation differential corresponds to the difference between inflation expectations in the home markets of the national companies, where foreign currencies are used, and inflation forecasts for the Eurozone (reference). The purpose of factoring in the inflation differential is to also reflect currency risks from inflation-related depreciation or appreciation in the calculation, to the extent that they are not already reflected in the free cash-flows. No inflation differential was applied for countries in the Eurozone.

The rate of inflation expected for each country in 2024 was used as a measure for long-term inflation expectations. In the process, the inflation expected for the Eurozone in 2024 was applied as a benchmark value. The relevant data were culled from information provided by the International Monetary Fund (IMF), based in Washington D.C., USA.

The end result was a weighted inflation differential of 0.44%, which was allocated to equity capital costs as a separate component.

(6) Country-specific risk premium

When performing a company valuation, a surcharge can be added to the discount rate so as to allow for certain risks in countries where the company to be valued operates, to the extent that these risks can influence the future cash-flows included in the calculation (e.g. economic, political and legal risks such as the danger of expropriation, strikes or even a sovereign debt default).

In principle, this also applies to the valuation of MSH. After all, MSH's national companies operating abroad earn a part of their earnings on markets that exhibit special risks relative to countries such as Germany.

Nevertheless, the use of a country-specific risk premium was forgone in the case at hand. This decision was motivated by two primary considerations. One is that MSH operates to an overwhelming degree in countries (mainly in Western Europe) where reliable economic and political conditions prevail. The other is that the approach used for the MSH valuation is intended to present a consolidated group picture rather than a sum-of-the-parts picture (valuation of a multiplicity of individual companies).

When a company unit like the MSH Group is valued, systematic risks in principle are fully reflected in the discount rate with the aid of the CAPM and are thus accounted for. Non-systematic risks, on the other hand, do not flow into the valuation since they can be mitigated or even avoided entirely through diversification. To determine the payment streams to be used for the MSH valuation, the earnings results of the individual national companies were aggregated while allowing for consolidation effects, so that diversification of individual country-specific risks could be assumed.

In this specific valuation case, moreover, the future free cash-flows were stated at their expected value. Thus there was no reason to factor additional risk aspects into the discount rate by way of another surcharge.

(7) Growth discount

Future growth of free cash-flows results from the retention and reinvestment of earnings, and also organically from price effects, volume effects, and structural effects. During the detailed planning phase, these growth potentials are reflected in the company planning and thus also in the free cash-flows. Given the assumption that earnings will be fully paid out as dividends, no growth in free cash-flows was assumed for the perpetual annuity phase. Additional growth potentials will be considered for the perpetual annuity phase as part of the valuation by means of a growth discount in the discount rate.

As regards the opportunities for growth and potential market developments on the basis of the capital resources and company asset value of the MSH Group in place at the end of the detailed planning phase, 0.5% was considered a reasonable figure for annual growth in free cash-flows and thus for a growth discount.

It is also to be taken into account that the sustainable growth rate refers to growth in earnings (instead of growth in turnover). In the case of (industry-specific) price inflation, the general assumption would be that cost increases could be fully passed onto the customers. Empirical studies have shown, however, that the ability to pass on such costs in reality is much lower. Given the intense competition and the rapid pace of technological progress, coupled with the price-sensitivity of customers, a growth discount of 0.5% appears reasonable for MSH.

(8) External capital costs and derivation of the WACC

The costs of external capital before taxes were first calculated as being around 1.43% on the basis of net indebtedness as at the valuation date, allowing for a risk-free interest rate of 0.1% plus a risk-adjusted spread based on the Company's ratings of BBB- and BB+. The inflation differential between non-euro countries and euro countries (around 0.44%) was added to this. The resulting external capital costs before tax come to 1.87%.

The tax deductibility of interest on external capital ("tax shield") is reflected in the costs of external capital after taxes. The tax-load ratio applied was the average nominal tax rate of the Company pursuant to the management report 2020/21, or 30.53%.

The capital structure reflected in the weighting of capital costs corresponds to the capital structure of MSH as at 30 September 2021.

cc) Market value of MSH's equity capital (equity value) according to Standard IDW S1

Based on the discountable free cash-flows of MSH, the application of a constant discount rate and a sustainable growth rate of 0.5%, the total enterprise value of MSH, before extraordinary items, amounted to EUR 5,764.3 million as at 30 September 2021.

The annual net income for the financial year 2019/20 was EUR 120.7 million. Part of the annual net income was initially deferred or transferred to reserves (see item I.4.g)aa)(6) above). The shareholders' meeting has meanwhile resolved to pay the entire annual net income for financial year 2019/20 to the shareholders. From

the profit distributions, as at 30 September 2021 liabilities amounting to around EUR 35.0 million towards CECONOMY Retail and around EUR 26.1 million towards Convergenta still existed at MSH.

MSH holds a 15% stake in M.video. The stake in M.video is stated on the MSH balance sheet at the exchange-quoted price without affecting earnings. The earnings derived from the stake in M.video are not contained in the valuation's underlying planning. Thus, MSH's ownership interest in M.video was stated as an extraordinary item whose value is based on the exchange-quoted price of the shares held by MSH as at 30 September 2021. A 3M-VWAP was used for this purpose. Using the RUB/EUR exchange rate as at 30 September 2021, namely 0.01179, the extraordinary item was valued at EUR 196.8 million.

MSH also holds a 25% stake in PMG as at 30 September 2021 which was reduced to 2% at the end of December 2021. This does not have any influence on the valuation as the stake was already written off to a notional value of EUR 1 as of 30 September 2021 due to the joint venture being unprofitable. As in the case of M.video, the earnings from the joint venture are not reflected in the budget planning.

The bottom-line result is an equity value of EUR 3,475.0 million as at 30 September 2021. Adding the equity capital costs as interest yields a value for MSH of EUR 3,686.4 million as at 12 April 2022.

Thus, the market value of the Contribution Shares will amount to EUR 797.0 million as at 12 April 2022.

dd) Added value to the Company from acquisition of the Contribution Shares under consideration of synergies

The Management Board expects the Transaction to produce substantial tax and operative synergies. Upon conclusion of the Transaction, it will become possible to offset holding costs at the level of the Company, as well as the Company's existing loss carry-forwards, against the positive earnings of MSH and also, albeit to a minor extent, to eliminate duplicate structures at the holding-companies level along with material costs directly associated with the pre-Transaction shareholder situation. In terms of quantifying the value added to the Company by the Transaction, the Management Board assumes a cash value for the minimum synergies of EUR 444 million, a figure based on very precisely quantified cost-savings potentials exhibiting a high probability of realisation. Besides the cost-savings at the holdings level, which will amount to EUR 55 million after discounting, the Management Board assumes that the tax synergies will have a cash value of at least EUR 389 million.

Once the EUR 444.0 million cash value of the minimum synergies is factored in, this yields a value inflow to the Company from the Transaction of EUR 1,241.0 million.

The bulk of the value potential quantified will result from the Company's tax loss carry-forwards for corporate income tax and trade tax, which amount to a total of approximately EUR 2,644.0 million (of which approximately EUR 1,149.0 million were reported as being attributable to corporate income tax loss carry-forwards and approximately EUR 1,495.0 million to trade tax loss carry-forwards) and which would be unusable if the Transaction were not to occur. The interest carry-forwards come to approximately EUR 132 million at the end of 2020/21. The existing tax-loss carry-forwards will be offsettable, provided the corresponding resolution is adopted by the General Meeting, against the future earnings (taxable income) of MSH, thereby reducing the tax burden. Given a consolidated tax rate of approximately 30.5% (15.8% corporate income tax and 14.7% trade tax), the future tax savings generated by offsetting future MSH earnings against the aforementioned tax-loss carry-forwards are alone estimated at approximately EUR 390 million according to the plausibility check by PwC, this being in nominal terms before discounting effects are considered, i.e. a sum which is even higher than the EUR 389 million calculated by the Company.

Besides these synergies, due to the possibility to offset tax-loss carry-forwards tax benefits also arise in that the Company's holding costs, too, could be offset against the future profits of MSH, namely in a sustainable fashion for as long as MSH earns profits. The tax benefits from offsetting the holding costs will be reduced by the holding cost savings that will become possible following the Transaction.

Simply put, it appears that the Company's planned holding costs and holding-cost savings would result in tax-offsettable holding costs of approximately EUR 28 million in financial year 2021/22, yielding annual tax savings of approximately EUR 8 million. From financial year 2022/23, the offsettable holding costs will decrease to EUR 22 million per year, resulting in annual tax savings of some EUR 7 million. Assuming the costs were to be offset against the future profits of MSH over a period of ten years, this would translate into

a (nominal) tax benefit of approximately EUR 71 million (EUR 8 million + EUR 63 million) before discounting effects are considered.

Aside from these purely tax-related synergies, the savings in holding costs of approximately EUR 1 million in 2021/22 and after that approximately EUR 4 million per annum would also result in corresponding improvements in (pre-tax) earnings, namely ones with a cash value of approximately EUR 55 million. These savings would result, in the Management Board's opinion, from such factors as the elimination of congruent activities (elimination of duplicate functions), the further streamlining of holding structures, as well as the reduction of other, non-personnel-related costs, e.g. as a result of cost and efficiency advantages when commissioning audit and advisory services.

In summary, the considerations presented above indicate that the EUR 444 million value which the Management Board determines for the minimum synergies could well be exceeded. In this context, it should be taken into account that other operative synergies resulting from the Transaction (which could result from the further streamlining of processes and decisional channels going forward) have yet to be quantified and could therefore not be factored into the valuation.

ee) Plausibility check of the company value of MSH using multiples (summary)

If the stock exchange multiples are applied, or the trading multiples of comparable companies, to MSH's projected EBIT (before restructuring expenses) and EBITDA for financial year 2022/23, the then result is,

- on the basis of EBIT multiples, a range of EUR 4,133.6 million to EUR 5,337.8 million for the total enterprise value of MSH as at 30 September 2021; after deducting MSH's EUR 2,486.2 million in net financial liabilities as at 30 September 2021 and after accounting for the extraordinary items associated with the 15% stake in M.video of EUR 196.8 million and for the 25% stake in the joint venture in Greece of EUR 1, the market value for MSH's equity capital ranges between EUR 1,844.2 million to EUR 3,048.5 million;
- on the basis of EBITDA multiples, a range of EUR 4,092.7 million to EUR 8,362.9 million for the total enterprise value of MSH as at 30 September 2021; after deducting MSH's EUR 2,486.2 million in net financial liabilities as at 30 September 2021 and after accounting for the extraordinary items, the market value for MSH's equity capital ranges between EUR 1,803.4 million and EUR 6,073.6 million.

The calculated equity value of MSH as at 30 September 2021 in the amount of EUR 3,475.0 million lies within the range indicated by the EBITDA multiples. In view of the EBIT multiples, the DCF valuation indicates a rather optimistic view of MSH. The market value is slightly above the range calculated using the EBIT multiples. This would seem justified in view of MSH's strong market position relative to the competition and mirrors the above-average growth prospects that result from this positioning.

c) The Company

aa) Valuation basis for deriving the company value of the Company

The company valuation commissioned by the Company is based on the budget planning prepared by the Company as part of the regular planning process.

The company valuation commissioned in this case is a complete company value expert opinion (Unternehmenswertgutachten) within the meaning of Standard IDW S1. In the opinion of the Management Board, the factors and interest rates to be applied all fall within the ranges required by the IDW.

The valuation of the Company essentially follows the same approach used for the valuation of MSH (See item I.5.b) of the present report). It should be noted here that the valuation of the Company was essentially performed from a consolidated viewpoint and, furthermore, that extraordinary items for non-consolidated subsidiaries and affiliated companies were included.

The procedure followed to value the Company can be broken down into three key steps:

1. Derivation of free cash-flows in order to calculate the total enterprise value (Gesamtunternehmenswert) before extraordinary items as at 30 September 2021.

2. Determination of the net financial liabilities in order to derive the equity value (Eigenkapitalwert) before extraordinary items.
3. Quantification of the extraordinary items that arise from the values of the subsidiaries and affiliated companies, to the extent that they are not included in the budget planning from a consolidated viewpoint, in order to arrive at the Company's equity value after inclusion of extraordinary items.

The Company's value as at 30 September 2021, that was derived through these steps was supplemented by interest accruing in the form of equity capital costs up to the valuation date of 12 April 2022, so as to arrive at the market value of the Company's equity capital (after inclusion of extraordinary items but before payout of the Transaction's Cash Component) as at 12 April 2022. Once the Cash Component is deducted, this yields the market value of the Company as at 12 April 2022.

The valuation of the Company essentially was modelled on the valuation of MSH, which is the main operationally active company of the CECONOMY Group. Thus, the starting point for valuing the Company was the EBITDA of MSH, which was reduced by the holding costs of the Company and of CECONOMY Retail. As in the case of the MSH valuation, the resulting EBIT was reduced by taxes, by changes in (tangible) fixed assets and in net working capital, as well as by the dividend entitlements of the non-controlling shareholders at the level of MSH, so as to arrive at the free cash-flows to be discounted before extraordinary items. Thus, the free cash-flows of the Company were arithmetically derived by taking the free cash-flows of MSH and deducting the holding costs of the Company and of CECONOMY Retail.

The net financial liabilities ("**Net Debt**") consist of the Net Debt of MSH plus the net financial liabilities of the Company, CECONOMY Retail, MWFS Zwischenholding GmbH & Co. KG ("**MWFS**") and CECONOMY Dreizehnte Gesellschaft für Vermögensverwaltung mbH ("**CECONOMY Dreizehnte Gesellschaft für Vermögensverwaltung**"). MWFS and CECONOMY Dreizehnte Gesellschaft für Vermögensverwaltung do not engage in any operations but merely serve a financial linking function within the CECONOMY Group.

The extraordinary items consist of the values of the Company's non-consolidated subsidiaries and affiliated companies. Publicly listed companies were accounted for based on the 3M-VWAP for the last three months (reference date: 30 December 2021).

The Company's minority stake in MPKG is stated at its book value of EUR 35.0 million as at 30 September 2021. MSH's share in the joint venture in Greece was written off at EUR 1 (notional value) as at 30 September 2021. The remaining subsidiaries and affiliated companies were included in the equity capital stated on the balance sheet as per IFRS as at 30 September 2021.

bb) Determination of the discount rate (WACC)

The weighted average costs of capital (WACC) used to discount the Company's calculated free cash-flows before extraordinary items correspond to the same capital costs that were applied in the valuation of MSH. The Company's operating risk from a Group viewpoint is significantly influenced by MSH, which constitutes the most important company active on the market within the CECONOMY Group. Thus there was no need to adjust these costs for purposes of valuing the Company. Additional information on how these costs were derived is provided in item I.5.b)bb) of this report.

cc) DCF value according to Standard IDW S1 before the Transaction

Assuming a growth rate of 0.5% during the perpetual annuity phase, the discounting of the Company's free cash-flows before extraordinary items using the WACC of 7.24% yields a total enterprise value before extraordinary items of EUR 5,379.1 million as at 30 September 2021. The next step is to deduct from this the net financial liabilities of the Company, so as to arrive at the corresponding value of the Company's equity capital.

The calculated net financial liabilities of EUR 3,399.1 million are composed of the following:

- The net financial liabilities of MSH amount to EUR 2,486.2 million and result mainly from leasing liabilities of EUR 2,057.6 million. These also contain pension provisions worth EUR 45.6 million. The liability towards Convergenta (in total EUR 26.1 million) as at 30 September 2021 resulting from the

distribution/direct withdrawal of profits for financial year 2019/20 (see item I.4.g)aa)(6) above) totalling EUR 120.7 million (see item I.5b)cc) above) is recognised under other financial liabilities.

- The net financial liabilities of the Company, which essentially consist of financial debts (EUR 755.8 million), namely a promissory note bond of EUR 249.1 million and leasing liabilities of EUR 9.8 million. In addition, positive bank balances (EUR 563.1 million) exist, of which EUR 271.0 million of this is regarded as necessary for operations by the Management Board and thus forms part of the net working capital rather than net financial liabilities. Of this, approximately EUR 189 million relate to the repayment of significant parts of the promissory note bond in March 2022 and approximately EUR 22 million to a transfer of funds to CECONOMY's benevolent fund. The net financial liabilities contain the planned dividend payment of EUR 62.6 million for valuation purposes.
- The net financial liabilities of CECONOMY Retail, which consist of pension provisions (EUR 288.9 million) and positive bank balances (EUR 1.7 million).
- MWFS is an entity without any operating activity. It holds receivables against affiliated enterprises on its books which, proceeding from a consolidated viewpoint, have been allocated to the net financial liabilities of the Company. The corresponding offsetting ledger item is reflected in net financial liabilities.
- The entity CECONOMY Dreizehnte Gesellschaft für Vermögensverwaltung likewise does not engage in any operating activity. It merely carries financial liabilities towards affiliated companies on its books which increase the overall net financial liabilities of the Company. Within the consolidated group, the Company is not in danger of becoming insolvent. The offsetting ledger items are likewise reflected in net financial liabilities.

Deducting the net financial liabilities from the total enterprise value before extraordinary items as at 30 September 2021 yields an equity value for the Company before extraordinary items of EUR 1,980.0 million as at 30 September 2021.

The extraordinary items amount to EUR 648.8 million. They include, in particular, the minority interest of around 24.30% in Fnac Darty at EUR 368.4 million, the interest of 15% in M.video at EUR 196.8 million as well as the interests in METRO of EUR 40.0 million and in MPKG of EUR 35.0 million.

Thus, once the extraordinary items have been factored in, the equity value of the Company as at 30 September 2021, amounts to EUR 2,628.8 million. This value was increased by equity capital costs to reflect the interest accruing until 12 April 2022, thereby arriving at an equity value of EUR 2,788.7 million for the Company as at 12 April 2022.

Since MSH is fully consolidated by the Company, the above figure must subsequently be reduced by the market value of Convergenta's stake in MSH (21.62%).

Upon inclusion of the extraordinary items and deduction of the minority stakes, an equity value is obtained of 1,991.7 million as at 12 April 2022.

dd) Comparative valuation using the stock exchange-quoted price

Based on the 11 February 2022, stock exchange-quoted price of the CECONOMY Ordinary Share of EUR 3.92 and the EUR 6.85 per-share price of the CECONOMY Preference Share, the stock exchange-quoted value of the Company as at 11 February 2022, amounts to EUR 1,416.6 million. In a further analysis, the 3M-VWAP for the period 12 November 2021 to 11 February 2022 was used to arrive at EUR 3.71 per CECONOMY Ordinary Share and EUR 6.71 per CECONOMY Preference Share. This procedure yields, ceteris paribus, a value for the Company of EUR 1,341.4 million. All in all, an overall range for the value of the Company results of EUR 1,341.4 to EUR 1,416.6 million, which on the whole lies below the Company value determined using the DCF method.

Informational asymmetries, in particular, may be a possible cause for the difference observed in this case between the value derived from the DCF method and the value derived from the stock-market capitalisation approach. The term "informational asymmetry" refers to a situation in which the market has not yet

considered certain information or is unable to fully or reliably evaluate information that has already been communicated. The planning underlying the Company's valuation contains positive effects from measures taken under the Operating Model intended to promote better efficiency and a sustainably improved cost situation at MSH. In addition to the strategic initiatives to boost turnover (e.g. expansion of the online business and the Services & Solutions business as well as marketplace roll-out), earnings are to be improved as well. There is reason to assume that the capital markets have only partially priced in these measures since their communication in August 2020 up to now, and that they are instead waiting to see whether the Company successfully implements the measures.

It cannot be ruled out, moreover, that investors are still currently averse to buying the shares of brick-and-mortar retailers as the past year and its coronavirus-related effects still persist. The postponed IPO of Dutch electronics retailer Coolblue is referred to in this context. Moreover, the increasing shift towards the online channel and weaker demand for high-end services could also act as a drag on gross margins.

On the trading day after the Company released an ad hoc disclosure regarding the planned Transaction after the close of trading on 14 December 2020, the price of the CECONOMY Ordinary Share (as quoted on the XETRA exchange) rose by approximately 25%. In the days that followed, the CECONOMY Ordinary Share appreciated further so that, by the close of that week's trading, the price had surged by approximately 40% over the price before the Transaction's announcement. This shows that the capital markets certainly welcomed the Transaction announced by the Company. It is not ruled out that if the planned Transaction is successfully closed, the Company's share price will increase sharply once again. Such a price increase is already reflected in the analysts' estimates from 2021 and 2022 which indicate a mean price target of EUR 5.00 per CECONOMY Share. If this price is reached, the Company's stock-market capitalisation would amount to EUR 1,797.1 million and would therefore be around EUR 194.6 million below the value calculated on the basis of the DCF method.

The anticipated return to normal business operations after the lifting of the restrictions in connection with COVID-19 could lead to investors increasingly buying shares in bricks-and-mortar retailers again and the difference between the Company's market capitalisation and the value calculated on the basis of the DCF method continuing to close up in the foreseeable future.

ee) Plausibility check of the Company's value with the aid of multiples

If the stock-exchange multiples or trading multiples for comparable companies are applied to the Company's projected EBITDA and EBIT for financial year 2022/23, the result is,

- on the basis of EBIT multiples, a range of EUR 3,943.1 million to EUR 5,091.9 million for the total enterprise value of the Company as at 30 September 2021; after deducting the Company's net financial liabilities as at 30 September 2021, namely EUR 3,399.1 million, and after allowing for extraordinary items, an equity value of the Company is obtained that ranges between EUR 441.5 million and EUR 1,590.2 million;
- on the basis of EBITDA multiples, a range of EUR 4,092.7 million to EUR 8,362.9 million for the total enterprise value of the Company as at 30 September 2021; after deducting the Company's net financial liabilities as at 30 September 2021, namely EUR 3,399.1 million, and after allowing for extraordinary items, an equity value of the Company is obtained that ranges between EUR 591.1 million and EUR 4,861.3 million.

The calculated EUR 1,877.5 million equity value of the Company as at 30 September 2021 (EUR 2,628.8 million minus the EUR 751.3 million value of MSH's minority stake as at 30 September 2021) lies within the range calculated using the EBITDA multiples. In view of the EBIT multiples, the DCF valuation indicates an optimistic view of the Company, like for MSH. Here too, the market value calculated lies slightly above the range calculated using the EBIT multiples.

Overall, the multiple-based valuation supports the valuation performed for the Company as at 30 September 2021 using the DCF method.

d) Valuation of the Convertible Bonds

Given that the value of the Convertible Bonds must be taken into account when calculating the value inflows generated by the Contribution in Kind, the plausibility of the value of EUR 160.0 million which the Parties determined for the Convertible Bonds was verified by PwC using its own in-house valuation criteria.

The value of a convertible bond essentially consists of the sum of the value of the bond component and the value of the conversion option. In a calculation of capital value, the value of the bond component can be expressed as the cash value of the agreed interest and amortisation payments, discounted by an interest rate that is appropriate to the prevailing risk and maturity term involved.

The risk-appropriate and maturity-term-appropriate discounting rate corresponds to the Company's applicable cost-rate for external capital for a corresponding maturity term. For purposes of the plausibility check, a risk-free interest rate for a five year period of -0.82% was calculated on the basis of data published by Deutsche Bundesbank. In order to reflect the prevailing default risk properly, a risk surcharge (credit spread) based on the Company's credit rating was also applied.

Given its derivative character, the value of the Convertible Bonds' conversion option, which allows the Convertible Bonds to be converted into shares of the Company, must be determined with the aid of option-pricing models. There are essentially two, mutually compatible methods for valuing derivatives. These are the Duplication Principle on the one hand and Risk-Neutral Valuation on the other. The idea behind the Duplication Principle is to synthetically replicate the derivative to be valued using securities with known prices. The Duplication Principle is based on the seminal option-pricing theories developed by Black/Scholes (1973) and Cox/Ross/Rubinstein (1979).

Risk-Neutral Valuation is an approach derived by implication from the work of Black/Scholes (1973) and was first expressly described by Cox/Rubinstein (1976). The logical proof adduced for the analytic valuation formula demonstrates that the valuation of a derivative is free of all risk-preferences. In option-pricing theory, a distinction is drawn between analytic and numerical valuation methods. Analytic or "closed-form" solutions like the Black/Scholes formula deliver theoretically exact values, but are not usable for all types of derivatives. Where complex derivatives are involved, it is also customary to use numerical solution approaches such as the Binomial Model developed by Cox/Ross/Rubinstein (1979) or the Monte-Carlo Simulation formulated and analysed for the valuation of derivatives by Boyle (1977).

In the case at hand, the conversion option contained in the Convertible Bonds features a dividend-protection mechanism, thus making it possible to determine its value in a theoretically exact manner using the Black/Scholes formula. The Black/Scholes formula was therefore applied to verify the plausibility of the value of the Convertible Bonds. The input parameters were the exchange-quoted price of the CECONOMY Ordinary Share current at the time the Transaction Agreements were concluded, the agreed initial conversion price of EUR 5.42 per Conversion Share, the term-appropriate, risk-free interest rate and the volatility of the share's yield. The verification of the plausibility of the market value the Parties had calculated for the Convertible Bonds found that the market value of EUR 160.0 million used as at the conclusion date of the Transaction Agreements is justifiable and that the valuation is plausible based on the capital market conditions prevailing at that time.

As shown above, owing to its derivative nature the value of the conversion option depends on factors including the price of the CECONOMY Share. Since the features of the Convertible Bonds were set out in the Agreement in Principle dated 14 December 2020, the parameters, including the share price underlying the valuation of the Convertible Bonds have changed in such a way that the value of the Convertible Bonds has declined. It should also be noted that if they are not converted, the Convertible Bonds will be paid back at their nominal value of EUR 151.0 million and that this will therefore be the maximum cash outflow.

When assessing whether the exchange ratio was reasonable, the value of EUR 160 million agreed by the Parties was nevertheless taken into account to the benefit of the Company's Shareholders.

e) Evaluation of the fairness of the issue price and the exchange ratio

aa) Exchange ratio without consideration of synergy effects

In order to assess the fairness of the issue price and the exchange ratio, the calculated values of MSH and the Company were examined in relation to the number of CECONOMY Shares before and after the Transaction. The starting point for the evaluation was the DCF equity value per CECONOMY Share which could be attributed to the original shareholders before the Transaction. Thus, the equity value attributable to the Shareholders as at 12 April 2022, was determined to be EUR 1,991.7 million. The number of CECONOMY Shares before the Transaction corresponds to the total of CECONOMY Ordinary Shares and CECONOMY Preference Shares. This yields a DCF value per CECONOMY Share before the Transaction of EUR 5.54. No significant deviations between the value per CECONOMY Ordinary Share and the value per CECONOMY Preference Share arise in the process.

In addition, the Company's value on the stock market as at 11 February 2022 was derived using the 3M-VWAP of the CECONOMY Ordinary Shares and the CECONOMY Preference Shares. Since in this case the per-share value of the Company (EUR 3.73 for the CECONOMY Ordinary Shares) lies below the per-share value of the Company as calculated using the DCF method, it has no influence on the evaluation of the fairness of the exchange ratio and thus of the issue price.

The total value of the New Shares of EUR 697.1 million, plus the value of the Convertible Bonds of EUR 160.0 million, as derived using actuarial principles, plus the Cash Component of EUR 130 million yields Total Consideration amounting to EUR 987.1 million. The market value of the Contribution Shares of EUR 797.0 million falls short of this value, meaning that if the synergies and other economies of scope are factored out, the Transaction would lead to a dilution of the CECONOMY Shares.

bb) The exchange ratio taking account of synergies

The dilution that would occur as shown above from the viewpoint of the original shareholders would, however, also be offset by a value inflow resulting from the synergies and economies of scope associated with the acquisition of the Contribution Shares. It is generally accepted that such synergies and economies of scope may be considered when evaluating the fairness of the exchange ratio for a capital increase through contribution in kind or issuance of conversion shares.

In order to be able to evaluate the fairness of the exchange ratio, the value of the Company after the Transaction was determined. To this end, the value of the Company calculated via the DCF method, the value of the Contribution Shares and the cash value of the minimum synergies created by the Transaction were all added up and the agreed Cash Component was subtracted. The EUR 444.0 million cash value of the minimum synergies consists – as explained in more detail under the foregoing item I.5.b)dd) of this report – of discounted holding cost savings in the amount of EUR 55 million and tax synergies of at least EUR 389 million. This yields a value for the Contribution Shares, including minimum synergies, of EUR 1,241.0 million. The post-Transaction company value calculated in this manner breaks down to EUR 6.05 per CECONOMY Share, which is more than the per-share value of the Company as calculated via the DCF method before the Transaction.

The value inflow attributable to the New Shares can be determined by taking the EUR 1,241.0 million value of the Contribution Shares, including minimum synergies, and deducting the EUR 160.0 million value of the Convertible Bonds as well as the Cash Component of EUR 130.0 million. Thus, the total value of the 125.8 million New Shares of EUR 697.1 million (based on the value of EUR 5.54 for each CECONOMY Share before the Transaction which was determined) contrasts with a value inflow of EUR 951.0 million. Thus, the value of the Contribution Shares, including the minimum synergies and minus the market value of the Convertible Bonds and the Cash Component, significantly exceeds the value of the New Shares issued in return as consideration.

The value inflow attributable to the Convertible Bonds can be determined by taking the EUR 1,241.0 million value of the Contribution Shares, including minimum synergies, and deducting the total value of the 125.8 million New Shares prior to the Transaction in the amount of EUR 697.1 million and the Cash Component of EUR 130.0 million. Thus, the value of EUR 160.0 million determined for the Convertible Bonds using actuarial methods contrasts with a value inflow of EUR 413.9 million. Thus, the value of the Contribution Shares,

including the minimum synergies and minus the market values of the New Shares before the Transaction and the Cash Component, also significantly exceeds the value of the Convertible Bonds issued in return as consideration.

The value inflow attributable to the uniform Contribution in Kind for the New Shares and Convertible Bonds can be determined by taking the EUR 1,241.0 million value of the Contribution Shares, including minimum synergies, and deducting the Cash Component of EUR 130 million. Thus, the total value of (i) the value of EUR 697.1 million for the 125.8 million New Shares (based on the value of EUR 5.54 for each CECONOMY Share before the Transaction which was determined) and (ii) the value of the Convertible Bonds, calculated using actuarial methods, of EUR 160.0 million contrasts with a value inflow of EUR 1,111.0 million. Thus, the value of the Contribution in Kind of the Contribution Shares, including the minimum synergies and minus the Cash Component, significantly exceeds the sum total of (i) the value of the New Shares issued in return as consideration and (ii) the value of the Convertible Bonds.

Based on the values of MSH and the Company calculated using the DCF method, a stake of 35.8% of the Company's share capital would be allocated to Convergenta, while 64.2% of the share capital would be allocated to the original shareholders. Since the exchange ratio agreed between the Parties falls below this exchange ratio, this means that the fairness test is met. It follows that a value inflow of EUR 929.2 million would be sufficient to avoid dilution for the original shareholders on the basis of the agreed exchange ratio.

Given that the value inflow amounts to EUR 1,111.0 million, this means that the lowest issue price for the New Shares and Conversion Shares of approximately EUR 393.4 million is clearly attained.

It should be noted that this overall set of conclusions is not altered by the current rules designed to limit the spread of the COVID-19 pandemic and the partially restricted access to MSH stores. When it comes to evaluating whether the exchange ratio is fair on the basis of the relative enterprise values of MSH and the Company, it is ultimately of secondary importance whether the Management Board's forecast of future performance in the face of the COVID-19 pandemic ultimately turns out to deviate to one degree or another from actual performance results as seen in retrospect.

Since any such deviations were considered in the valuation of MSH as well as in the valuation of the Company for purposes of determining the exchange ratio, they in no way change the overall conclusion regarding the fairness of the exchange ratio. The conclusion ultimately depends on the relative valuation of the two companies involved in the Transaction and not on the absolute accuracy achieved in terms of the underlying planning. This holds all the more true in this time of unusual uncertainty due to the worldwide COVID-19 pandemic. Based on the Management Board's analysis, it is safe to assume that MSH and, with it, the Company, will weather the crisis successfully and emerge in a better position than some of their competitors.

f) Summary

In the view of the Management Board, the exchange ratio between the Contribution Shares and the Total Consideration to be granted to Convergenta in return is reasonable. According to the exchange ratio agreed between the Parties, the full exercise of conversion rights would give Convergenta an arithmetic stake of up to 29.95% in the Company's share capital. Based on the values calculated for MSH and the Company using the DCF method, on the other hand, Convergenta's stake in the Company's share capital would amount to 35.8%, whereas 64.2% of the share capital would be allocated to the original shareholders. Since the agreed exchange ratio is the lower of the two, this means that it passes the fairness test.

The fairness of the exchange ratio is furthermore supported by the fact that the value inflow of EUR 1,241.0 million associated with the acquisition of the Contribution Shares, including the minimum synergies, exceeds the EUR 987.1 million value of the Total Consideration. This means, in the Management Board's opinion, that no dilution will be suffered by the Shareholders.

The same result also follows if the Capital Increase through Contributions in Kind is examined entirely by itself, given that the value inflow of EUR 951.0 million attributable to the New Shares exceeds the New Shares' total value of EUR 697.1 million.

The same holds true, in the Management Board's opinion, for an isolated analysis of the Issuance of Convertible Bonds all by itself. The value of the Convertible Bonds which will apply at the time of the General

Meeting that is to decide on the issuance of Convertible Bonds was set at EUR 160.0 million, i.e. 106% of the nominal value, using actuarial principles. Thus, the EUR 413.9 million value inflow from the acquisition of the Contribution Shares that is attributable to the Convertible Bonds exceeds the value of the Convertible Bonds issued in return as consideration.

The above-discussed interpretation of the Management Board is supported by the reactions of the stock markets to the Transaction's announcement. After the Transaction was announced through an ad hoc disclosure by the Company after the close of trading on 14 December 2020, the price of the CECONOMY Ordinary Share (as quoted on the XETRA exchange) rose from a closing price of EUR 4.096 on 14 December 2020, to a closing price of EUR 5.125 on the following day, 15 December 2020. This represents a price surge of approximately 25%. On the subsequent days, the price of the CECONOMY Ordinary Share continued to rise, recording an increase of around 40% at closing on Friday, 18 December 2020, as compared to the closing price of 14 December 2020, before the Transaction was announced. This shows that investors, too, share the Management Board's assessment of the Transaction's potential to create added value and to increase the value of the investment for all shareholders.

II. Reasoning for the Exclusion of Pre-emptive Rights

The Management Board hereby presents its report to the General Meeting, pursuant to section 186(4) sentence 2 Stock Corporation Act and section 221(4) sentence 2 in conjunction with section 186(4) sentence 2 Stock Corporation Act on the reasoning for the planned Exclusions of Pre-emptive Rights in the context of the resolution proposed by the Management Board and Supervisory Board under agenda item 2 with respect to the Capital Increase through Contributions in Kind and the issuance of Convertible Bonds, in each case excluding the statutory pre-emptive right of the Shareholders. The Capital Increase through Contributions in Kind and the issuance of Convertible Bonds are components of a uniform Transaction and thus of a uniform resolution under agenda item 2. Accordingly, the present report begins by examining the two Exclusions of Pre-emptive Rights jointly in the context of the Transaction (see item II.1. below). This is followed by reports focusing separately on the reasons for the Exclusion of Pre-emptive Rights in connection with the Capital Increase through Contributions in Kind (see item II.2. below) and on the reasoning for the Exclusion of Pre-emptive Rights in connection with the issuance of Convertible Bonds (see item II.3. below). The conclusions presented under item I. will be applicable to all subsequent reports and will become integral components thereof.

1. Report regarding the Exclusions of Pre-emptive Rights within the context of the uniform resolutions of the General Meeting under agenda item 2 pursuant to section 186(4) sentence 2 Stock Corporation Act and section 221(4) sentence 2 in conjunction with 186(4) sentence 2 Stock Corporation Act

It is proposed to the General Meeting that a resolution approving the Capital Increase through Contributions in Kind and the issuance of the Convertible Bonds be adopted.

In case of a capital increase, the shareholders principally have a statutory pre-emptive right to the New Shares to be issued (section 186(1) sentence 1 Stock Corporation Act). Nonetheless, the Management Board and the Supervisory Board propose to the General Meeting that the Shareholders' statutory pre-emptive rights be excluded in the resolution regarding the Capital Increase through Contributions in Kind in accordance with section 186(3) Stock Corporation Act.

Pursuant to section 221(4) sentence 2 and section 186(4) sentence 2 Stock Corporation Act, the shareholders principally also have a statutory pre-emptive right to the Convertible Bonds which are to be newly issued, given that these are backed by the New Shares of the Company. In this context as well, the Management Board and Supervisory Board propose to the General Meeting that the Shareholders' pre-emptive rights be excluded in the resolution regarding issuance of the Convertible Bonds in accordance with section 221(4) sentence 2 and section 186(3) Stock Corporation Act.

Both the Capital Increase through Contributions in Kind as well as the issuance of Convertible Bonds serve the purposes of enabling the Company to acquire from Convergenta the Contribution Shares in that the New Shares from the Capital Increase through Contributions in Kind and the Convertible Bonds to be issued, along with a Cash Component, are to serve as consideration for the Contribution in Kind of the Contribution Shares. Thus, only Convergenta is to be allowed to subscribe for the New Shares and the Convertible Bonds. The pre-emptive right of the existing shareholders is to be excluded.

The following discussion will demonstrate that the planned Transaction is in the best interests of the Company (see item II.1.a) below), that the resolutions to be adopted under the Exclusion of Pre-emptive Rights are suitable and necessary in order to realise the Company's interests (see item II.1.b) below), that the balance between the Company's interests and the detriments suffered by the Shareholders is reasonable (see item II.1.c)), and, in particular, that the exchange ratio between the Total Consideration on the one side and the Contribution Shares on the other is not unfairly detrimental to the Shareholders.

a) Interest of the Company in implementing the Transaction

The purpose of the resolution proposed under agenda item 2, namely the implementation of the above-described Transaction, is in the interest of the Company. For this to be deemed to be the case, it is already sufficient if the corporate officers participating in the adoption of the resolution can assume, based on their consideration of the matter, that the planned Transaction will benefit the Company and will thus ultimately benefit all of the Shareholders. The Management Board is confident that this holds true, given the benefits of the Transactions already discussed under item I.3. of this report.

b) Suitability and necessity of the Exclusions of Pre-emptive Rights

The Management Board believes that the Exclusions of Pre-emptive Rights in connection with the Capital Increase through Contribution in Kind and the Convertible Bonds are in both cases suitable and necessary to achieve the purpose which is in the Company's interest, namely the consummation of the Transaction. The Exclusions of Pre-emptive Rights are suitable because the acquisition of the Contribution Shares in return for issuance of a specific number of New Shares and Convertible Bonds presupposes an Exclusion of Pre-emptive Rights for both the shares as well as the bonds. If the New Shares and the Convertible Bonds were to be offered to the Shareholders for subscription, they would no longer be available for issue to Convergenta as part of the Total Consideration for the Contribution Shares.

The Exclusions of Pre-emptive Rights are also necessary in order to achieve this purpose. As part of its deliberations, the Management Board also considered the following possible alternatives to the planned Transaction, but rejected them as either impractical or less suitable:

aa) Maintaining the status quo

One possible alternative would be for the Company to not proceed with the Transaction and thereby maintain the current status quo. However, adhering to the present situation would not be conducive to the Company's interest in the Management Board's judgement, since the status quo would entail the following disadvantages and risks, in contrast to the aforementioned benefits of the Transaction:

- The complex corporate structure would be retained, meaning that important entrepreneurial decisions would continue to be taken at the level of the Company, while their implementation at the level of MSH would in part have to be coordinated with Convergenta;
- The realisation of existing or future synergy potentials between the Company and MSH and other companies, as well as the entrepreneurial progress and positive evolution of the CECONOMY Group as a corporate group, would be hindered through the current structural inefficiencies of the CECONOMY Group and by new shareholder disputes that could potentially arise at the level of MSH;
- There would be no way to make use of the existing tax loss carry-forwards of the Company;
- There would be no long-term resolution of the conflict between the Company and Convergenta;
- The efficient management and development of MSH would be subject to restrictions due to the escalation of existing and/or newly arising disagreements between the Company and Convergenta with respect to MSH;
- New court actions could potentially be brought as well, all of which would entail litigation risks and reputational damage;
- Resources (time and expense) would be wasted at the level of both the Company as well as MSH;
- The bearish assessments from analysts and investors would continue, as well as the negative press reports, along with the associated reputational damage;
- The Company would find it harder to smoothly and efficiently exercise its steering control over MMSRG due to the built-in conflicts of interest between the Company and Convergenta, particularly with respect to setting up an effective and cost-oriented financial management system and efficiently implementing purposeful projects or deal-making opportunities; and
- The Company would retain its de facto responsibility for 100% of the financing for MMSRG while only participating in approximately 80% of the earnings and business growth potential of MSH.

bb) Acquisition of the Contribution Shares in return for cash consideration

The Exclusion of Pre-emptive Rights associated with the Capital Increase through Contribution in Kind and with the issue of Convertible Bonds, could be avoided if the consideration to be rendered by the Company were to consist entirely of a cash payment. However, this option is not viable for several reasons.

If the consideration were to be rendered in cash, this would require a financing volume that is currently neither feasible nor advisable from a business standpoint in view of the Company's financial position.

The option of obtaining interim financing via external capital was also rejected in view of the volume it would entail. Also, the Company would likely not have been able to obtain the required volume of external capital in the current market environment; in any case, the terms of such a credit facility would have been unacceptable in economic terms. Refinancing the borrowed external capital might well have proved impossible due to market-related risks, leaving the Company with a debt burden that, depending on the volume of the cash consideration, it might well have found to be unacceptable.

There was also no readiness to accept such a transaction structure on the part of Convergenta. As a result, an acquisition of the Contribution Shares in return for payment of cash consideration is not an option.

cc) Acquisition of the Contribution Shares in return for cash consideration while using the authorised capital and the conditional capital

A possible alternative to the planned Transaction would be to acquire the Contribution Shares while using the existing, authorised and conditional capital. The Company could implement a cash capital increase by drawing on the existing authorised capital and also issue convertible bonds which are backed by the existing conditional capital. The cash funds freed up by the Company in this manner could be used to acquire the Contribution Shares. With the cash funds obtained in this fashion by Convergenta, Convergenta, for its part, could acquire the new shares and the convertible bonds issued from the original shareholders, who would be ready to sell the new shares after subscribing the new shares as part of a cash capital increase or to sell the issued convertible bonds. In the case of this alternative transaction structure, at least a part of the cash capital increase could be implemented through the grant of a pre-emptive right to the Shareholders.

However, this transaction structure entails the risk that the cash capital increase and the issue of convertible bonds might not generate a sufficient emission volume to make it possible to acquire the Contribution Shares. In addition, it is not possible to obviate legal concerns under stock corporation law with regard to a so-called "hidden contribution in kind" (*verdeckte Sacheinlage*) if Convergenta were to use the freed-up cash funds to acquire new shares from the original shareholders in the context of the cash capital increase. It is true that the cash funds from the cash capital increase would not flow back directly to the original shareholders as the parties making the contribution in kind, but rather indirectly via Convergenta as part of the purchase of new shares and convertible bonds. On the other hand, the fact remains that, even when a third party is involved, it is possible under certain circumstances for a hidden contribution in kind to be deemed given if the payment from the third party, i.e. Convergenta, indirectly benefits the parties making the contribution in kind, i.e. the original shareholders, in the same manner as would a direct payment from the Company.

Furthermore, this approach would have been advantageous to the original shareholders only if they had exercised their pre-emptive right in order to avoid suffering a *pro rata* dilution. Given the emission volume involved, this would have entailed a substantial capital commitment on the part of the Shareholders.

dd) Hybrid in-kind/cash capital increase

A conceivable alternative would have been to offer Convergenta consideration consisting of new shares, but to create it by way of a hybrid in-kind/cash capital increase rather than as a pure Capital Increase through Contribution in Kind. If the Transaction took this form, the Company would still create the new shares to be transferred to Convergenta by way of a Capital Increase through Contribution in Kind. However, it would be possible in this case to rule out a dilution of the shareholders' *pro rata* stake by concomitantly implementing a cash capital increase with pre-emptive rights to the shareholders, the volume of which would ensure that the shareholders' *pro rata* stake ultimately would not be diluted once they exercised their pre-emptive rights. To ensure that the shareholding ratios were preserved, such a concomitant cash capital increase would have to have a substantial volume, which would lead to an over-financing of the Company.

Such a hybrid in-kind/cash capital increase would, however, have failed to meet the approval of Convergenta, since Convergenta would have found it impossible to attain its target shareholding in the Company once the original shareholders had exercised their pre-emptive rights. And even this approach would have preserved the shareholding ratios only to the extent that the remaining shareholders actually made use of their pre-emptive right. But if certain shareholders were forced to waive the exercise of their pre-emptive rights due to the large capital commitment required – particularly in view of the large volume required for the concomitant cash capital increase – then these shareholders would have suffered an even stronger pro rata dilution of their shareholdings than under the Transaction structure that was ultimately selected.

ee) Acquisition of approximately 2% of the Contribution Shares

The idea of acquiring a stake of approximately 2% of the Contribution Shares from Convergenta with the aim of surpassing the blocking minority threshold of 80% in line with the articles of associations of MSH was one that Convergenta was not willing to entertain. In addition, such an acquisition without additional structural measures would have failed to unlock the value-creation potential described earlier.

ff) Merger of MSH and CECONOMY Retail

A merger of MSH and CECONOMY Retail into the Company was also unacceptable to Convergenta, whose consent would have been required to adopt a resolution approving such a merger in the MSH meeting of shareholders. Moreover, assuming that the merger ratio would have equalled the exchange ratio applied in the case at hand, then a merger of MSH into the Company would have led to the same dilution in the shareholdings of outside shareholders as a Capital Increase through Contribution in Kind or the issuance of Convertible Bonds, meaning that the merger would have produced no additional benefits in this regard.

gg) Conclusion of a control and/or profit transfer agreement between CECONOMY Retail and MSH

Just like a merger of MSH and CECONOMY Retail, the idea of having CECONOMY Retail and MSH conclude a domination and profit and loss transfer agreement would not have been feasible due to Convergenta's unwillingness to give its consent to the resolution of approval required from the MSH meeting of shareholders.

c) Proportionality

Lastly, an overall weighing of the Company's interests against the interests of the Shareholders also confirms that the Exclusion of Pre-emptive Rights is a proportional measure in the case at hand. This weighing of interests also specifically takes into account the effects of the Capital Increase through Contribution in Kind and the issuance of Convertible Bonds on the Company's shareholder structure and the fairness of the exchange ratio.

aa) Effects of the Capital Increase through Contribution in Kind and the issue of Convertible Bonds on the Company's shareholder structure

As regards the change occurring in the shareholder structure as part of the planned Transaction, please see item I.4.d.) of the present report. Once the Transaction is consummated, Convergenta will become the single largest shareholder in the Company. Thus, the Capital Increase through Contribution in Kind will necessarily lead to a dilution of the original shareholder's shareholding ratios (known as a "*pro rata* dilution"), namely down to a total of 73.93% of the CECONOMY Ordinary Shares and 74.07% of the Company's share capital upon implementation of the Capital Increase through Contribution in Kind, or down to 70.10% of the CECONOMY Ordinary Shares and 70.26% of the Company's share capital upon conversion of the Convertible Bonds by Convergenta in order to attain Convergenta's Target Shareholding.

For the original shareholders, the acquisition of more than 25% of the share capital of the Company by Convergenta means that Convergenta could be in a position to block important resolutions – particularly those concerning structural measures, which the General Meeting can only adopt with a qualified majority of three quarters of the share capital represented at the voting. However, this would not diminish the individual influence exerted on the Company by the original shareholders at General Meetings. At present, no shareholder holds a majority of the voting rights such as would give that shareholder a decisive voice at general meetings. Thus, the dilution will not lead to any loss of decisive influence at annual general meetings, which makes the dilution less of a burden for the original shareholders from a corporate-law standpoint.

Furthermore, the original shareholders thus far have merely held a financial stake in the Company without exercising any significant entrepreneurial/managerial influence. This situation will not change in the wake of the dilution resulting from the Transaction.

In addition, the Company has already informed the CECONOMY Key Shareholders, individually and separately from one another, i.e. bilaterally, about the Transaction. On this basis, each of these CECONOMY Key Shareholders separately has advised the Company that they are in favour of the Transaction and, in particular, that they intend to exercise their voting rights accordingly at the General Meeting. Thus, the CECONOMY Key Shareholders, whose influence in the General Meeting will be significantly diminished by the *pro rata* dilution, accept the exclusion of their pre-emptive rights and the *pro rata* dilution of their shareholdings which it entails.

bb) Fairness of the exchange ratio and justification of the issue price

The value inflow of EUR 1,241.0 million (including minimum synergies) associated with the acquisition of the Contribution Shares exceeds the EUR 987.1 million value of the Total Consideration, which consists of the EUR 697.1 million value of the New Shares as calculated using the DCF method, the EUR 160.0 million value of the Convertible Bonds calculated using actuarial methods and the EUR 130 million Cash Component. No unreasonable dilution will be suffered by the Shareholders in the Management Board's opinion (a view supported by the Expert Opinion of PwC and the Fairness Opinion of SocGen), since the value of the Contribution in Kind, including the associated minimum synergies, exceeds the value of the Total Consideration. Thus, the issue price of the New Shares and the Convertible Bonds is fair as well.

Given the fairness of the exchange ratio and the issue price of the New Shares and the Convertible Bonds, there will be no unreasonable dilution to the detriment of the shareholders. For the Shareholders, this means that their shares will not be impaired as a financial investment. On the contrary, the synergies associated with the Transaction will give them the possibility of seeing their shares appreciate thanks to the Transaction.

cc) Overall balancing of interests

When an overall balancing of the interests involved is performed, the interest of the Company in consummating the Transaction clearly outweighs the original shareholder's interest in avoiding a dilution. The *pro rata* dilution of voting rights associated with the Transaction does not weigh as heavily, given that none of the current shareholders would lose a decisive degree of influence on the enterprise due to the Transaction. In addition, the CECONOMY Key Shareholders agree to the Transaction and to the associated resolutions regarding the Exclusion of Pre-emptive Rights. The remaining shareholders will not suffer any significant detriment through the dilution of their voting rights. A dilution in the economic sense will not occur, since the value of the Contribution Shares, including the synergies generated by the Transaction, exceeds the value of the Total Consideration granted to Convergenta as consideration in return.

Against this background, consummating the Transaction, which is in the Company's interest, is also of predominant importance. This means that the Exclusion of Pre-emptive Rights, both for the Capital Increase through Contribution as well as for the issuance of Convertible Bonds, is justified in view of the Company's interest.

2. Report on Exclusion of Pre-emptive Rights in the context of the Capital Increase through Contribution in Kind pursuant to section 186(4) sentence 2 Stock Corporation Act

Below, it will be shown that, even if the Capital Increase through Contribution in Kind is examined in isolation, the purpose of the planned Exclusion of Pre-emptive Rights is in the interests of the Company (see item a) below); that the Exclusion of Pre-emptive Rights is suitable and necessary for realising the Company's interest (see item b) below) and strikes a reasonable balance with the detriments to be suffered by the Shareholders (see item c) below) and, in particular, that the exchange ratio between the New Shares and the Contribution Shares – and thus the issue price of the New Shares – is not unfairly detrimental to the Shareholders.

a) Interest of the Company in the Capital Increase through Contribution in Kind

The purpose of the planned Exclusion of Pre-emptive Rights as part of the Capital Increase through Contribution in Kind, namely the closing of the Transaction, is in the interest of the Company. The Management Board is convinced that the Capital Increase through Contribution in Kind will benefit the Company and thus will ultimately benefit all of the Shareholders. This conclusion is supported by the advantages of implementing the Transaction that have already presented under item II.1.a). Given that the Capital Increase through Contribution in Kind and the associated Stock Component are a fixed consideration component of the Total Consideration and thus form an integral part of the Transaction – one that would already give Convergenta a stake of approximately 26.07% in the CECONOMY Ordinary Shares then issued, or approximately 25.93% in the share capital of the Company – it follows that the Company would not be able to realise the benefits associated with the Transaction without implementing the Capital Increase through Contribution in Kind.

b) Suitability and necessity of the Exclusion of Pre-emptive Rights

The Management Board believes that the Exclusion of Pre-emptive Rights is suitable and necessary in order to achieve the purpose which lies in the Company's interest, this being to implement the Transaction. The Exclusion of Pre-emptive Rights is suitable because the ability to use the New Shares as part of the Total Consideration for the acquisition of the Contribution Shares is contingent upon an Exclusion of Pre-emptive Rights. If the New Shares were to be offered to the Shareholders for subscription, then they would no longer be available for issue to Convergenta as part of the consideration rendered in return for the Contribution Shares.

The Exclusion of Pre-emptive Rights is also necessary in order to achieve this purpose. The Management Board has considered possible alternatives to the planned Transaction in its deliberations, but has rejected them as impractical or less suitable. In this respect, reference is made to the explanations provided under item II.1.b) of the present report.

c) Proportionality of the Exclusion of Pre-emptive Rights

Lastly, the Exclusion of Pre-emptive Rights in the present case is also proportional when the interests of the Company are weighed against the interests of the Shareholders. This overall balancing of interests specifically takes into account the effects that the Capital Increase through Contribution in Kind would have on the Company's shareholder structure and the fairness of the exchange ratio.

aa) Effects of the Capital Increase through Contribution in Kind on the Company's shareholder structure

Once the Capital Increase through Contribution in Kind and the issuance of the New Shares which are to be approved by resolution of the General Meeting are implemented, the shareholder structure will change. Convergenta will acquire a stake of approximately 26.07% of the CECONOMY Ordinary Shares then issued, or approximately 25.93% of the Company's share capital. This means the Capital Increase through Contribution in Kind necessarily will lead to a dilution of the original shareholder's shareholding ratios ("pro rata dilution"), namely down to a total of approximately 73.93% of the CECONOMY Ordinary Shares then issued, or approximately 74.07% of the Company's share capital. The CECONOMY Key Shareholders agree to this pro rata dilution, however, while the remaining shareholders are unable to exercise any significant influence within the Company as things stand today. The explanations provided under item II.2.c)aa of the present report apply by analogy.

bb) Reasonableness of the exchange ratio and justification of the issue price

The value inflow attributable to the New Shares in the amount of EUR 951.0 million markedly exceeds the EUR 697.1 million value of the New Shares to be issued in the context of the Capital Increase through Contribution in Kind. Against this backdrop, the exchange ratio agreed between the Company and Convergenta with regard to the Capital Increase through Contribution in Kind and the issue price of the New Shares is reasonable. There will be no dilution in the economic sense to the detriment of the Shareholders.

cc) Overall weighing of interests

When all the interests are balanced, it is evident that the interest of the Company in implementing the Capital Increase through Contribution in Kind clearly outweighs the interest of the original shareholders in avoiding a dilution. As explained above, the CECONOMY Key Shareholders are willing to accept the Exclusion of Pre-emptive Rights. The remaining shareholders will not suffer any significant impairment to their voting rights as result of the dilution. Nor will there be any dilution in the economic sense, given that the value inflow attributable to the New Shares exceeds the value of the New Shares as calculated using the DCF method. Against this backdrop, it follows that the implementation of the Capital Increase through Contribution in Kind, which serves the purpose of consummating the Transaction and thus lies within the Company's interest, is of predominant importance. Thus, the Exclusion of Pre-emptive Rights in the context of the Capital Increase through Contribution in Kind is justifiable in view of the Company's interest.

3. Report on the Exclusion of Pre-emptive Rights in the context of the issuance of Convertible Bonds in accordance with section 221(4) sentence 2 and section 186(4) sentence 2 Stock Corporation Act

The discussion below will show that the purpose of the planned Exclusion of Pre-emptive Rights in the context of the issuance of Convertible Bonds is in the interest of the Company (see item a) below), that the Exclusion of Pre-emptive Rights is suitable and necessary for realising the Company's interest (see item b) below) and strikes a proportional balance with the detriments suffered by the Shareholders (see item c) below) and, in particular, that the exchange ratio – and thus the issue price of the Convertible Bonds – is not unfairly detrimental to the shareholders.

a) Interest of the Company in issuing the Convertible Bonds under Exclusion of Pre-emptive Rights

In the Management Board's opinion, the purpose pursued by the planned Exclusion of Pre-emptive Rights, namely to consummate the Transaction, is in the interest of the Company. This view is supported by the series of benefits associated with consummating the Transaction that have already been presented under item II.a). Given that the issue of the Convertible Bonds as the Convertible Bond Component, just like the Capital Increase through Contribution in Kind, forms part of the Total Consideration and is thus integral to the Transaction, it follows that the Company would be unable to realise the benefits associated with the Transaction without issuing the Convertible Bonds.

b) Suitability and necessity of the Exclusion of Pre-emptive Rights

The Management Board believes that the Exclusion of Pre-emptive Rights is suitable and necessary for achieving the purpose which is in the Company's interest, namely the closing of the Transaction. The Exclusion of Pre-emptive Rights is suitable because acquiring the Contribution Shares in return for issuance of the Convertible Bonds is contingent upon the exclusion of the Shareholders' pre-emptive rights. If the Convertible Bonds were to be offered to the Shareholders for subscription, they would no longer be available for issue to Convergenta as part of the consideration rendered in return for the Contribution Shares.

The Exclusion of Pre-emptive Rights is also necessary for achieving this purpose. The Management Board has considered possible alternatives to the planned Transaction in its deliberations, but has rejected them as being impractical or less suitable. In this respect, reference is made to the explanations provided under point b) of this report.

c) Proportionality of the Exclusion of Pre-emptive Rights

aa) Effects of the issuance of Convertible Bonds on the Company's shareholder structure

Once Convergenta converts the Convertible Bonds in order to reach Convergenta's Target Shareholding, Convergenta's stake in the Company will increase to 29.90% of the CECONOMY Ordinary Shares then issued, or to approximately 29.74% of the Company's share. The stake held by the remaining shareholders will decrease accordingly, if and insofar as Convergenta exercises its conversion rights for the Convertible Bonds. This will further strengthen Convergenta's position as a shareholder. However, once the Capital Increase through Contribution in Kind is implemented, Convergenta will already have a blocking minority of 25% when it comes to those resolutions of the General Meeting which can only be adopted with a majority of three quarters of the share capital represented at the voting (known as a "qualified majority ratio of capital"). Thus,

converting the Convertible Bonds will increase Convergenta's influence to an only minor degree. In addition, the CEECONOMY Key Shareholders are willing to accept the pro rata dilution resulting from the issue of Convertible Shares, while the remaining shareholders in any case are not in a position to significantly influence the Company as things stand today. In this respect, the explanations provided under item II.2.c)aa) apply by analogy.

bb) Reasonableness of the exchange ratio and justification of the issue price

When examined in isolation and without considering the Transaction's economic benefits, the theoretical value of the Convertible bonds calculated by the Management Board using actuarial methods currently amounts to approximately EUR 160.0 million. This yields an isolated ex-ante valuation of the Convertible Bonds at 106% of par value. The EUR 413.9 million value inflow (including minimum synergies) which is attributable to the Convertible Bonds as a result of the acquisition of the Contribution Shares clearly exceeds the value of the Convertible Bonds issued in return as consideration.

Against this backdrop, the Management Board believes that the exchange ratio agreed between the Company and Convergenta with respect to the issuance of the Convertible Bonds and the issue price of the Convertible Bonds is reasonable. There will be no dilution in the economic sense to the detriment of the Shareholders.

cc) Overall weighing of interests

An overall balancing of the interests involved reveals that the interest of the Company in the issuance of the Convertible Bonds clearly outweighs the original shareholders' interest in avoiding a (proportional) dilution. The CEECONOMY Key Shareholders are willing to accept the Exclusion of Pre-emptive Rights in the context of the issuance of Convertible Bonds. The remaining shareholders will not suffer any significant impairment of their current voting rights from the dilution. Nor will there be any dilution in the economic sense, given that the value inflow attributable to the Convertible Bonds as a result of acquiring the Contribution Shares exceeds the value of the Convertible Bonds.

Supplementary information on Agenda Item 4

Report of the Management Board on Agenda Item 4 (Conversion of the non-voting preference shares into ordinary shares with voting rights by cancelling the preferential right to profits and by making corresponding amendments to the Articles of Association) and at the same time report of the Management Board to the separate meeting of the holders of preference shares of CECONOMY AG on 12 April 2022

Under Agenda Item 4 of the Extraordinary General Meeting of 12 April 2022, the Management Board and the Supervisory Board propose to convert the non-voting preference shares into ordinary shares with voting rights by cancelling the preferential right to profits and by making corresponding amendments to the Articles of Association. In addition, the Management Board and the Supervisory Board propose that the resolution of the General Meeting to convert the preference shares into ordinary shares by way of a special resolution of the holders of ordinary shares be approved. Furthermore, the required consent of the holders of preference shares to the conversion of the preference shares into ordinary shares is to be obtained by way of a special resolution at a separate meeting of the holders of preference shares also to be held on 12 April 2022 following the General Meeting.

The Management Board submits the following written report in respect of the above proposed resolutions to the Extraordinary General Meeting of the Company convened for 12 April 2022 and to the separate meeting of the holders of preference shares convened for the same date:

1. Current share and capital structure of CECONOMY AG

The capital stock of CECONOMY AG currently amounts to EUR 918,845,410.90 – subject to the capital increase against contribution in kind in accordance with Agenda Item 2 No. 1 of the Extraordinary General Meeting of 12 April 2022 becoming effective – and is divided into 356,743,118 ordinary shares with voting rights and 2,677,966 non-voting preference shares. The preference shares thus account for 0.75% of all shares issued by the Company.

Both the preference shares and the ordinary shares of CECONOMY AG are admitted to trading on the regulated market of the Düsseldorf Stock Exchange and the Frankfurt Stock Exchange, with a simultaneous admission to the sub-segment of the regulated market of the Frankfurt Stock Exchange with additional post-admission obligations (Prime Standard) and are traded under ISIN DE0007257503 (ordinary shares) and ISIN DE0007257537 (preference shares). The ordinary shares of CECONOMY AG are also included in the German share index SDAX.

Pursuant to § 4 (4) of the Articles of Association, the preference shares carry a preferential right to profits, the details of which are set out in § 21 of the Articles of Association. According to this provision, the holders of preference shares will receive an advance dividend of EUR 0.17 per preference share, payable in arrears, from the annual balance sheet profits and – after payment of a dividend of EUR 0.17 per ordinary share to the holders of ordinary shares – an additional dividend of EUR 0.06 per preference share, which does not have to be paid in arrears. Except as otherwise provided by mandatory law, the preference shares do not confer voting rights.

In the view of the Management Board, the current higher price of the preference shares compared to the ordinary shares – and, in particular, the higher price up to the date of publication of the ad hoc announcement of 5 November 2021 regarding, among other things, the possible conversion of the preference shares – is primarily due to the narrow market, the dividends to be paid in arrears and, possibly, also the increased activity of shareholders trading preference shares in order to be able to react to a possible future adoption of the resolution.

2. Future share and capital structure of CECONOMY AG

The conversion of the non-voting preference shares into ordinary shares with voting rights does not change the amount of the capital stock of the Company. It will continue to amount to EUR 918,845,410.90 – subject to the capital increase against contributions in kind pursuant to Agenda Item 2 No. 1 of the Extraordinary General Meeting on 12 April 2022 becoming effective. However, the share capital will – subject to the capital increase

against contribution in kind pursuant to Agenda Item 2 No. 1 of the Extraordinary General Meeting on 12 April 2022 becoming effective – in future consist of 359,421,084 ordinary shares with voting rights.

As a result of the conversion, the preferential share in the profits attributable to the preference shares will no longer apply, meaning that each share will convey the same entitlement to profits. To compensate for the loss of the preferential right to profits, the former holders of preference shares will be granted voting rights at the General Meeting following the conversion of their shares into ordinary shares. Each share of the Company will then have the same voting right of one vote per share. All shareholders will therefore in future be subject to the legal provisions applicable to shareholders with voting shares in listed companies; this includes, in particular, the notification obligations applicable under §§ 33 et seqq. of the German Securities Trading Act (*Wertpapierhandelsgesetz* – WpHG).

3. Procedure for the conversion of preference shares into ordinary shares

The conversion of the non-voting preference shares into ordinary shares with voting rights is effected by cancellation of the preferential right to profits conveyed by the preference shares by way of an amendment to the Articles of Association. As a result, the rights attaching to the preference shares will be adjusted to those attaching to the ordinary shares and the class of the preference shares will be cancelled in its entirety. In contrast, there will be no exchange of shares. Instead, the rights attached to the preference shares will be adjusted to the effect that the preferential right to profits will be replaced by the right to vote. The respective proportionate interest of each shareholder held in the capital stock of the Company remains unchanged.

The conversion of the non-voting preference shares into ordinary shares with voting rights requires a resolution of the General Meeting cancelling the preference and amending the Articles of Association, which pursuant to § 179 (2) sent. 2 German Stock Corporation Act in conjunction with § 19 of the Articles of Association of CECONOMY AG must be adopted by a simple majority of the votes cast and of the capital stock represented at the time the resolution is adopted. This resolution is to be adopted by the Extraordinary General Meeting on 12 April 2022 under Agenda Item 4.1.

Furthermore, as a precautionary measure, the holders of ordinary shares are to be asked to approve the resolution of the General Meeting by way of a special resolution pursuant to § 179 (3) German Stock Corporation Act. Pursuant to § 179 (2) sent. 2 and (3) sent. 3 German Stock Corporation Act in conjunction with § 19 of the Articles of Association of CECONOMY AG, this special resolution also requires a simple majority of the votes cast as well as of the capital stock represented at the time the resolution is adopted and is to be adopted by the Extraordinary General Meeting on 12 April 2022 under Agenda Item 4.2.

Pursuant to § 141 (1) and (3) sent. 1 German Stock Corporation Act, the resolution on the conversion of the preference shares into ordinary shares also requires the approval of the holders of preference shares, who will decide on this by way of a special resolution at a separate meeting of the holders of preference shares also to be held on 12 April 2022 following the Extraordinary General Meeting. Pursuant to § 141 (3) sent. 2 German Stock Corporation Act, this special resolution of the holders of preference shares requires a majority of at least three quarters of the votes cast.

If the necessary resolutions are adopted, the amendment to the Articles of Association will be filed with the commercial register. Upon registration of the amendment to the Articles of Association in the commercial register (§ 181 (3) German Stock Corporation Act), the amendment will become effective, the rights attaching to the shares held by the holders of preference shares will be adjusted to those attaching to the ordinary shares, and the special class of preference shares previously existing will be cancelled (§ 141 (4) German Stock Corporation Act).

4. Effects of the conversion of the preference shares into ordinary shares on the stock market listing

Currently, both the preference shares and the ordinary shares of CECONOMY AG are admitted to trading on the regulated market of the Düsseldorf Stock Exchange and the Frankfurt Stock Exchange, with a simultaneous admission to the sub-segment of the regulated market of the Frankfurt Stock Exchange with additional post-admission obligations (Prime Standard) and are traded under ISIN DE0007257503 (ordinary shares) and ISIN DE0007257537 (preference shares).

As a consequence of the conversion into ordinary shares, the previous stock exchange admissions of the preference shares will expire. However, it is intended to obtain instead the admission of the ordinary shares resulting from the conversion to trading on the regulated market of the Düsseldorf Stock Exchange and the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market of the Frankfurt Stock Exchange with additional post-admission obligations (Prime Standard).

The conversion of the preference shares into ordinary shares is effected under company law upon registration of the resolution of the General Meeting on the conversion and the related amendments to the Articles of Association in the commercial register (§ 181 (3) German Stock Corporation Act). The custodian banks will convert their customers' holdings of preference shares to ordinary shares immediately after the amendments to the Articles of Association have been entered in the commercial register. The shareholders themselves do not have to take any action. There are no separate costs associated with the conversion for the shareholders. The new ordinary shares resulting from the conversion of the preference shares are to be admitted to trading on the stock exchange in the same way as the existing ordinary shares under the securities identification number (ISIN DE0007257503) applicable to the ordinary shares.

CECONOMY AG has no influence on the exact timing of the entry in the commercial register and the corresponding actions of the stock exchanges and the custodian banks. However, it is intended to facilitate as smooth a conversion process as possible in close coordination with the securities exchanges, on the one hand, and the competent commercial register, on the other. A temporary interruption of the stock exchange trading of the existing preference shares prior to the admission of the ordinary shares is to be avoided, if possible. The Company will announce the intended exact date of the conversion in the Company's publications and by public announcement.

5. Advantages of the conversion of the preference shares into ordinary shares

The conversion of the preference shares into ordinary shares is in the interest of the Company and its shareholders. It leads to a standardisation of the rights attaching to the shares of CECONOMY AG and thus to a simplification and higher transparency of the capital structure. As a result of the conversion, all shares of the Company will convey the same rights, in particular voting rights, and will therefore also participate to the same extent in the balance sheet profits of the Company.

The standardisation and simplification resulting from the conversion will create an increased level of transparency that can make an investment in the Company more attractive. At the same time, the reduction to only one class of shares is in line with the internationally recognised and widespread corporate governance principle according to which each share also entitles the holder to exercise one vote ("*one share – one vote*"). In addition, the amalgamation of the share classes will lead to a reduction in the Company's administrative expenses and to a simplification of the reporting system.

It should be noted in this context that the preference shares in CECONOMY AG represent only 0.75% of all shares issued by the Company. As a separate form of investment with higher dividend rights, they are therefore of little significance due to the lack of liquidity.

The aforementioned advantages of the conversion of the preference shares into ordinary shares are not offset by any significant disadvantages. While the conversion is initially associated with one-off costs for the Company, the Company expects that the conversion will have an overall cost-reducing effect in the future.

The shareholders benefit from the aforementioned advantages of the conversion. There will be no significant disadvantages for the shareholders. Although the holders of preference shares give up the preferential right to profits associated with the preference share, they receive the right to vote at the General Meeting as compensation. Although the existing ordinary shareholders will experience a reduction in their proportionate share of voting rights, they will benefit from the discontinuation of the preferential right to profits of the preference share, as all shareholders of the Company will participate equally and uniformly in the profits of the Company.

In considering the conversion of the preference shares into ordinary shares, the Management Board also took into account the development of the price difference between the preference share and the ordinary share, in particular up to the date of publication of the ad hoc announcement of 5 November 2021 regarding, among other things, the possible conversion of the preference shares. Also from this point of view, the Management Board is

of the opinion that the proposed conversion is appropriate in view of the related benefits for the Company and its shareholders.

Since no material disadvantages are associated with the conversion, the Management Board is convinced, and the Supervisory Board shares this conviction, that there are no doubts as to the objective justification of the proposed measure. The Management Board therefore recommends – in agreement with the Supervisory Board – that the holders of ordinary shares and the holders of preference shares grant the necessary approvals to the proposed uniform standardisation of the classes of shares.

Supplementary information on Agenda Items 5 and 9

Report of the Management Board to the General Meeting pursuant to § 203 (2) sent. 2 German Stock Corporation Act in conjunction with § 186 (4) sent. 2 German Stock Corporation Act on Agenda Item 5 (Cancellation of the existing authorised capital and creation of a new Authorised Capital 2022/I (including the option of excluding subscription rights) and corresponding revision of § 4 (7) of the Articles of Association) and on Agenda Item 9 (Creation of a new Authorised Capital 2022/II (including the option of excluding subscription rights) and corresponding supplementing of the Articles of Association to include a new § 4 (10) in the event of the entry of the Capital Increase against Contribution in Kind proposed under Agenda Item 2 No. 1 in the commercial register)

The Management Board has been authorised by resolution of the Annual General Meeting of 13 February 2019 to increase, with the consent of the Supervisory Board, the capital stock of the Company, on one or more occasions, on or before 12 February 2024 by issuing new ordinary bearer shares in exchange for contributions in cash and/or in kind by up to a maximum amount of 321,600,000 euros. So far, the Management Board has not made use of this authorisation.

In order to ensure that the Company remains flexible in the future to strengthen its equity base through the use of authorised capital if required, the authorised capital created by resolution of the Annual General Meeting on 13 February 2019 is now to be replaced by a new authorised capital with, in principle, the same content and the same amount, which is intended to be created observing the legally permissible maximum limit of approximately 35 percent of the current capital stock and with a term of five years (Authorised Capital 2022/I). In addition, subject to the condition precedent of the Capital Increase against Contribution in Kind proposed to be resolved under Agenda Item 2 No. 1 becoming effective, an additional authorised capital with corresponding content is to be created observing the legally permissible maximum limit of approximately 35 percent of the amount by which the capital stock is increased (Authorised Capital 2022/II). In total, the Authorised Capital 2022/I and the Authorised Capital 2022/II will thus continue to amount to approximately 35 percent of the capital stock – as increased by the Capital Increase against Contribution in Kind. In both cases, the Company is again to be given the option of a simplified exclusion of subscription rights. In addition, the Company's flexibility is to be increased, also in the future, by allowing the exclusion of shareholders' subscription rights also for the purpose of granting a so-called share dividend (scrip dividend). The cancellation of the authorised capital created by resolution of the General Meeting on 13 February 2019 will be subject to the condition precedent of the entry of the new Authorised Capital 2022/I in the commercial register. Since the Authorised Capital 2022/I and the Authorised Capital 2022/II are identical with the exception of their amounts and the points in time at which they become effective, they are explained together below in order to avoid repetitions.

With respect to Agenda Item 5, Management Board and Supervisory Board propose, by way of cancellation and revision of § 4 (7) of the Articles of Association, to authorise the Management Board to increase, with the consent of the Supervisory Board, the capital stock of the Company, on one or more occasions, on or before 11 April 2027, by issuing new ordinary bearer shares in exchange for contributions in cash and/or in kind up to a maximum amount of 321,600,000 euros (Authorised Capital 2022/I).

With respect to Agenda Item 9, Management Board and Supervisory Board propose, subject to the condition precedent of the Capital Increase against Contribution in Kind proposed to be resolved under Agenda Item 2 No. 1 becoming effective, to authorise the Management Board by creation of a new § 4 (10) of the Articles of Association, to increase, with the consent of the Supervisory Board, the capital stock of the Company on one or more occasions, on or before 11 April 2027, by issuing new ordinary bearer shares in exchange for contributions in cash and/or in kind up to a maximum amount of 112,560,000 euros (Authorised Capital 2022/II). The Management Board is to be instructed not to file the supplementing of § 4 of the Articles of Association with a new paragraph 10 for entry in the commercial register until the Capital Increase against Contribution in Kind proposed to be resolved under Agenda Item 2 No. 1 has been registered.

When utilising the respective proposed authorised capital, shareholders are generally entitled to a subscription right (§ 203 (1) sent. 1 German Stock Corporation Act in conjunction with § 186 (1) German Stock Corporation Act). In addition to an issue of the new ordinary shares directly to the shareholders, the respective authorised capital is to provide for the possibility that the new ordinary shares are assumed by credit institutions or by companies that are equivalent pursuant to § 186 (5) sent. 1 German Stock Corporation Act, subject to the obligation to offer them to the shareholders for subscription. The use of credit institutions or enterprises that are equivalent pursuant to § 186 (5) sent. 1 German Stock German Stock Corporation Act as intermediaries merely serves the purpose of facilitating the technical processing of the ordinary share issue.

However, the Management Board is to be authorised to exclude the subscription right in certain cases, with the approval of the Supervisory Board:

- (1) The Management Board is to be authorised, with the approval of the Supervisory Board, to exclude the subscription right for the compensation of fractional amounts.

The purpose of this exclusion of subscription rights is to facilitate the processing of a share issue where subscription rights for shareholders are generally granted. Fractional amounts may result from the respective issue volume and from the fact that it is necessary to apply a technically feasible subscription right ratio. The value of the fractional amounts per shareholder is generally low, which is why the potential dilution effect can also be regarded as low. In contrast, the effort required for share issues without such exclusion is significantly higher, which causes additional costs. The new ordinary shares excluded from the shareholders' subscription right as fractional amounts will be realised for the benefit of the Company either by disposal on the stock exchange or in another way at the best possible price.

- (2) Furthermore, it is proposed that the Management Board be authorised, with the consent of the Supervisory Board, to exclude shareholders' subscription rights if the ordinary shares are issued against contributions in kind for the purpose of corporate mergers or for the acquisition (also indirectly) of companies, divisions of companies, operational activities, branches of activity or company interests and the pro rata amount attributable to the new ordinary shares issued subject to an exclusion of subscription rights does not exceed a total of 10 percent of the capital stock existing at the time the respective authorisation becomes effective.

With the authorisation for the exclusion of subscription rights, it is intended, in particular, to enable the Company in suitable cases to use ordinary shares as consideration in the course of corporate mergers or for the acquisition (also indirectly) of companies, divisions of companies, operational activities, branches of activity or company interests. As an acquisition currency, treasury ordinary shares are an important instrument. The international competition and the globalisation of the economy often require this form of consideration. Besides, the granting of ordinary shares can be a cost-efficient way of financing for the Company which preserves the Company's liquidity. The proposed authorisation is intended to allow the Company to quickly and flexibly make use of upcoming opportunities, both nationally and on the international markets, for the acquisition of companies, divisions of companies, operational activities, branches of activity or interests in companies with regard to which the consideration consists of ordinary shares, in whole or in part, without the time-consuming holding of a General Meeting and while also, as the case may be, maintaining confidentiality. If such an opportunity becomes more concrete, the Management Board will carefully consider whether to exercise its authorisation for a utilisation of the authorised capital and, as the case may be, for an implementation of the capital increase without granting subscription rights. The Management Board will do so only if such exercise is in the best interest of the Company. The Management Board will also carefully examine in this regard whether the value of the contribution in kind is in adequate proportion to the value of the ordinary shares. Only if these conditions are met will the Supervisory Board grant its necessary consent for the utilisation of the authorised capital.

- (3) It is proposed that the Management Board be authorised, with the consent of the Supervisory Board, to exclude shareholders' subscription rights in order to be able to implement a so-called share dividend (scrip dividend) using the authorised capital.

In the case of a so-called scrip dividend subject to an exclusion of the shareholders' subscription rights, the shareholders are offered, at their option, to contribute their claim for payment of a dividend to the Company (in whole or in part) as contribution in kind against granting of new ordinary shares from the authorised capital. The Management Board is already authorised to acquire the Company's ordinary and/or preference shares as treasury shares and to use these shares to implement a scrip dividend, also subject to an exclusion of subscription rights. Compared to the implementation of a scrip dividend using previously acquired treasury ordinary shares, the implementation of a scrip dividend using the authorised capital is associated with a liquidity benefit for the Company.

The implementation of a scrip dividend may be conducted as an offer addressed to all shareholders in observance of their subscription right. In practice, in the case of a scrip dividend only whole ordinary shares are offered to each shareholder for subscription; with regard to the part of the dividend entitlement which falls short of or exceeds the subscription price for a whole ordinary share, the shareholders are limited to receiving the cash dividend and to this extent are not able to receive ordinary shares. There is usually no offer of partial rights and no establishment of any trading of subscription rights or fractions thereof, because instead of receiving ordinary shares to be newly issued under the authorised capital or treasury ordinary shares the shareholders receive, in part, a cash dividend.

In the course of the implementation of a scrip dividend using the authorised capital, depending on the capital markets situation, it may be preferable to structure the implementation of a scrip dividend in such manner that the Management Board offers to all shareholders who are entitled to dividends, in observance of the general principle of equality (§ 53a German Stock Corporation Act), ordinary shares for subscription against assignment of their dividend entitlement and, thus, economically grants the shareholders a subscription right, but to legally exclude the shareholders' subscription right to new ordinary shares. Such exclusion of the subscription right facilitates the implementation of the scrip dividend at more flexible conditions. In view of the fact that all shareholders will be offered the ordinary shares and excessive dividend amounts will be settled by cash payment of the dividend, an exclusion of the subscription right in this case appears as justified and appropriate.

In addition, it may be preferable – until the date of the conversion of preference shares into ordinary shares proposed under Agenda Item 4 becoming effective – to structure the implementation of a scrip dividend in such a way that the Management Board offers ordinary shares from the authorised capital for subscription only to those shareholders whose ordinary shares are entitled to dividends, against assignment of their dividend entitlement and subject to an exclusion of the subscription right of the holders of preference shares, and then offers the holders of preference shares – subject to an exclusion of the subscription right of the ordinary shareholders – to assign their dividend entitlement against an acquisition of preference shares held as treasury shares. The Company may acquire the treasury preference shares required for such implementation in advance on the basis of the (existing) authorisation to acquire treasury shares. Given the small number of preference shares, this would have practically no significant impact on the liquidity situation of the Company. In this form, the scrip dividend could be implemented without a prospectus, i.e. without an obligation to publish a securities prospectus. Without an exclusion of the subscription rights of the holders of preference shares to the new ordinary shares, the implementation of a scrip dividend using the (existing) authorised capital would probably trigger an obligation to publish a securities prospectus, because only a scrip dividend in the form of shares of another class could be offered to the holders of preference shares using the authorised capital. The preparation of a securities prospectus in connection with the implementation of a scrip dividend would entail considerable effort and costs.

- (4) Furthermore, the Management Board, with the consent of the Supervisory Board, is to be authorised to exclude the subscription right for the benefit of the holders of warrant or convertible bonds issued by the Company or by such affiliates in which the Company holds at least 90 percent of the shares, directly or indirectly.

This is intended to afford adequate protection against dilution to the holders of such warrant and convertible bonds or warrant and conversion obligations. The terms and conditions of warrant and convertible bonds typically provide that protection from dilution has to be granted in case of a capital increase either by reducing the warrant or conversion price or through the provision of subscription

rights. In order to avoid leaving the Company no alternative but to reduce the warrant or conversion price, an authorisation is intended for the utilisation of the authorised capital to exclude the shareholders' subscription rights to new ordinary shares to the extent necessary to grant subscription rights to the holders of warrant or convertible bonds to the extent to which the latter would be entitled upon exercise of their warrant or conversion rights prior to the adoption of the resolution for the capital increase or upon performance of their warrant or conversion obligations prior to the adoption of the resolution for the capital increase or upon exercise of a substitution right by the Company. This authorisation allows the Management Board to choose between the two alternatives when utilising authorised capital, after carefully weighing the interests of the Company and the shareholders.

- (5) In addition, the Management Board is to be authorised, with the consent of the Supervisory Board, to exclude the subscription right pursuant to § 186 (3) sent. 4 German Stock Corporation Act.

With this authorisation to exclude subscription rights in the case of capital increases in exchange for cash contributions, which is provided by statutory law, the Company will be enabled to take advantage on short notice of favourable circumstances on the stock market and, thereby, to achieve an issue amount as high as possible as a result of the price determination close to the market – without a discount for subscription rights – and, therefore, to achieve a maximum strengthening of the equity capital. The option of raising capital at the highest possible price is important for the Company, particularly since it is imperative for the Company to quickly and flexibly exploit market opportunities – this means: without the requirement of an offer for subscription which is open for at least two weeks – and to have access to the equity capital necessary to do so. This authorisation to exclude subscription rights is limited to an amount that on aggregate may not exceed 10 percent of the Company's capital stock. Such shares which during the term of the authorised capital are used or disposed of as treasury shares subject to an exclusion of the shareholders' subscription rights pursuant to § 71 (1) no. 8 sent. 5 sub-clause 2 German Stock Corporation Act in conjunction with § 186 (3) sent. 4 German Stock Corporation Act are counted towards this limit of 10 percent. A corresponding crediting to the limit amount is conducted for shares which are or have to be issued during the term of the authorised capital for the fulfilment of warrant and convertible bonds which themselves were issued during the term of the authorised capital subject to an exclusion of the subscription right in application, *mutatis mutandis*, of § 186 (3) sent. 4 German Stock Corporation Act. In addition, such shares are to be counted towards the limit of 10 percent of the capital stock which during the term of the authorised capital are issued on the basis of other capital measures subject to an exclusion of the shareholders' subscription right in application, directly or *mutatis mutandis*, of § 186 para. 3 sent. 4 AktG. The subscription rights may only be excluded if the issue price of the new ordinary shares is not substantially lower than the stock exchange price of the ordinary shares of the Company with the same features that are already listed. The Management Board will determine a possible discount on the stock market price as small as possible in accordance with the prevailing market conditions at the point in time of the placement. By the limitation of the number of ordinary shares to be issued and the obligation to determine the issue price of the new ordinary shares close to the stock price, the shareholders are sufficiently protected against a dilution of the value of their shares. At the same time, it is ensured that the cash flow to be received by the Company is appropriate. Shareholders wishing to maintain the proportion of their shareholding in the case of a capital increase subject to an exclusion of subscription rights also have the opportunity to acquire the required number of ordinary shares through the stock exchange.

To protect shareholders, the authorisations contain a restriction on the total scope of the Company's capital measures for which subscription rights are excluded. In total, ordinary shares issued against contributions in cash or in kind in accordance with these authorisations subject to an exclusion of the shareholders' subscription rights in accordance with the respective No. 2 or 5 may not amount to more than 10 percent of the respective capital stock existing at the time the authorisation becomes effective – which in the case of Authorised Capital 2022/II is increased accordingly by the Capital Increase against Contribution in Kind proposed to be resolved under Agenda Item 2 No. 1. As explained above, shares that are issued subject to an exclusion of the subscription right in direct or analogous application of § 186 (3) sent. 4 German Stock Corporation Act, or which are or have to be issued for the fulfilment of warrant or convertible bonds which themselves are issued during the term of the respective authorisation subject to an exclusion of the subscription right in analogous application of § 186 (3) sent. 4 German Stock Corporation Act, are to be counted towards this maximum limit. The use of treasury shares subject to an exclusion of subscription rights is not to be

credited to the maximum limit. Reference is made in this respect to the report of the Management Board to the General Meeting on the authorisation to issue warrant or convertible bonds (Agenda Items 8 and 10).

In consideration of all the circumstances mentioned above, the Management Board, in agreement with the Supervisory Board of CECONOMY AG, considers the authorisations to exclude the subscription right of the shareholders within the defined limits to be objectively justified and appropriate for the reasons stated above and also taking into account the possible dilution effect when using the authorisation.

At the moment, there is no concrete project to utilise the proposed authorisations. The Management Board will examine carefully in each individual case specified in these authorisations whether to make use of the authorisation to conduct a capital increase subject to an exclusion of the shareholders' subscription rights. The Management Board will only use the authorisations if, in the assessment of the Management Board and the Supervisory Board, the exclusion of the shareholders' subscription right is in the best interest of the Company and, therefore, of its shareholders. The Management Board will report on any utilisation of the authorised capital at the next following General Meeting.

Supplementary information on Agenda Item 6

Report of the Management Board to the General Meeting pursuant to § 71 (1) no. 8 sent. 5 German Stock Corporation Act in conjunction with § 186 (4) sent. 2 German Stock Corporation Act on Agenda Item 6 (Authorisation for the acquisition and use of treasury shares pursuant to § 71 (1) no. 8 German Stock Corporation Act, also subject to an exclusion of the subscription right, with the cancellation of the existing authorisation)

The Management Board was authorised by the General Meeting of 13 February 2019 to acquire treasury shares of any class, until 12 February 2024, up to a maximum amount of 10 percent of the capital stock. To ensure that the Company remains flexible also in the future to acquire treasury shares pursuant to § 71 (1) no. 8 German Stock Corporation Act and to use them – also subject to an exclusion of subscription rights – and that the Company has such authorisation at all times, the authorisation to acquire and use treasury shares created by resolution of the Annual General Meeting on 13 February 2019 is to be renewed.

With respect to Agenda Item 6, Management Board and Supervisory Board therefore propose that the Company be authorised again pursuant to § 71 (1) no. 8 German Stock Corporation Act, for a period of five years until 11 April 2027, to acquire treasury shares, regardless of their class, in an extent of up to 10 percent of the capital stock existing at the point in time of this authorisation becoming effective – which is increased accordingly by the Capital Increase against Contribution in Kind proposed to be resolved under Agenda Item 2 No. 1 – or – if this value is lower – of the capital stock existing at the point in time of the exercise of this authorisation. In this respect, the authorisation is to become effective only upon registration of the Capital Increase against Contribution in Kind proposed to be resolved under Agenda Item 2 No. 1, but irrespective thereof no later than on 12 October 2022.

In order to give the Company the necessary flexibility, it is intended to provide for the treasury shares to be acquired both through the stock exchange and by means of a purchase offer addressed to all shareholders of the Company. If in the event of a purchase offer to all shareholders the number of shares offered at the stipulated price exceeds the number to shares required by the Company, the reapportioning may be conducted in accordance with the proportion of the shareholdings held by the tendering shareholders to each other (shareholding quotas) or in accordance with the proportion of the tendered shares (tendering quotas). The possibility of rounding serves the purpose of avoiding calculational fractions of shares. In this respect, the number of shares to be acquired by individual tendering shareholders may be rounded in such manner as is necessary in order to facilitate, from a technical handling perspective, the acquisition of whole shares. Besides, the possibility is to be granted to provide for a preferential acceptance of small numbers of shares (up to 50 tendered shares per shareholder). In particular, this possibility serves the purpose of avoiding smaller, usually economically inefficient residual shareholdings. The purchase offer may provide for additional requirements.

It is intended that the authorisation can be exercised by the Company or its Group companies as defined in § 18 German Stock Corporation Act or by third parties for its or their account. In addition, it is intended that the authorisation may be exercised, in compliance with statutory requirements, for any legally permissible purpose. With regard to the term of the authorisation for the acquisition of treasury shares, it is intended to provide for the statutory regime which permits a duration of up to five years.

It is intended that the treasury shares acquired pursuant to this authorisation or authorisations granted earlier may be disposed of again through the stock exchange or by an offer to all shareholders. This way, the principle of equal treatment of the shareholders (§ 53a German Stock Corporation Act) is observed in the re-selling of the shares.

To the extent that the shares are disposed by way of an offer to all shareholders, the Management Board is to be authorised to exclude the subscription right of the shareholders for fractional amounts. This serves the purpose of facilitating a subscription ratio that is technically feasible. The value of the fractional amounts per shareholder is generally low, which is why the potential dilution effect can also be regarded as low. In contrast, the effort required without such exclusion is significantly higher, which causes additional costs. The new ordinary shares excluded from the shareholders' subscription right as fractional amounts will be realised for the benefit of the Company either by disposal on the stock exchange or in another way at the best possible price.

In addition, the treasury shares which were or will be acquired on the basis of the authorisation to be resolved by the General Meeting on 12 April 2022 or on the basis of an earlier authorisation are to be usable for all legally permissible purposes, in particular also including the following:

- (1) The Company is to be enabled to use the treasury shares acquired pursuant to this authorisation or authorisations granted earlier subject to an exclusion of the subscription right for the introduction to foreign stock exchanges at which shares of the Company are not listed so far. This is a means to broaden the shareholder basis, further increase the attractiveness of the CECONOMY share as an investment object and ensure an appropriate supply of the Company with equity capital. Access to adequate equity capital is of considerable importance for the financing of the Company and, particularly, for its further international expansion. By the intended lower limit for the initial offering price, which may fall short of the arithmetic mean of the auction closing prices of the already listed shares of the Company with the same features in Xetra trading at the Frankfurt Stock Exchange on the last 5 exchange trading days before the day of the IPO by no more than 5 percent, it is ensured that the consideration to be received by the Company is appropriate and the shareholders are sufficiently protected against a dilution of the value of their shares.
- (2) It is also intended for the Company to be able to have the treasury shares acquired pursuant to this authorisation or authorisations granted earlier at its disposal, in order to grant them – subject to an exclusion of the subscription right – as consideration in kind in the course of corporate mergers or for the acquisition (also indirectly) of companies, divisions of companies, operational activities, branches of activity, company interests or other assets. As an acquisition currency, treasury shares are an important instrument. The international competition and the globalisation of the economy often require this form of consideration. Besides, they can be a cost-efficient way of financing for the Company. The proposed authorisation is intended to allow the Company to quickly and flexibly make use of upcoming opportunities, both nationally and on the international markets, for the acquisition of companies, divisions of companies, operational activities, branches of activity or company interests with regard to which the consideration consists of shares, in whole or in part, in particular without the time-consuming holding of a general meeting and while also, as the case may be, maintaining confidentiality. In addition, the use of treasury shares for acquisitions has the advantage for the existing shareholders – in respect of ordinary shares – that compared to the situation before the acquisition of the treasury shares by the Company their voting right is not diluted. Currently, there are no specific acquisition projects for which treasury shares are to be used.
- (3) The resolution proposal further provides that the Company is to be enabled, subject to the requirements of § 186 (3) sent. 4 German Stock Corporation Act, to dispose of the treasury shares acquired pursuant to this authorisation or authorisations granted earlier, subject to an exclusion of the subscription right, against cash payment in ways other than through the stock exchange or by an offer to the shareholders. This is intended, in particular, to enable the Company to issue shares of the Company at short notice. Thus, the proposed authorisation serves the purpose of securing a permanent and appropriate equity capitalisation of the Company. This is subject to the precondition that in the course of the disposal the selling price must not fall short significantly of the stock market price of the already listed shares of the Company with the same features. The Management Board will determine a possible discount on the stock market price as small as possible in accordance with the prevailing market conditions at the point in time of the placement. The total proportionate amount of the capital stock attributable to the shares to be disposed of may not exceed 10 percent of the capital stock. Such shares are to be counted towards this limit which during the term of this authorisation are issued or disposed of in other ways subject to an exclusion of the subscription right in application, directly or *mutatis mutandis*, of § 186 (3) sent. 4 German Stock Corporation Act. A corresponding crediting to the limit amount is conducted for shares which are or have to be issued during the term of this authorisation for the fulfilment of warrant and convertible bonds which themselves were issued during the term of this authorisation subject to an exclusion of the subscription right in application, *mutatis mutandis*, of § 186 (3) sent. 4 German Stock Corporation Act. By the limitation of the number of shares to be disposed of and the obligation to determine the selling price of the treasury shares close to the stock price, the shareholders are sufficiently protected against a dilution of the value of their shares. At the same time, it is ensured that the consideration to be received by the Company is appropriate.

- (4) In the event that the Management Board issues option or convertible bonds on the basis of an authorisation by the General Meeting, it may be advisable not to fulfil the rights for the subscription of shares resulting therefrom by way of a capital increase, but in whole or in part with treasury shares. Therefore, a corresponding utilisation of the treasury shares acquired pursuant to this authorisation or authorisations granted earlier under exclusion of the subscription right is provided for. By using treasury shares, the dilution of the shares of the shareholders, as it would occur in the case of a use of the conditional capital, is prevented. For the decision as to whether treasury shares will be delivered or the conditional capital will be used, the Management Board will carefully consider the interests of the Company and the shareholders. To the extent that treasury shares are disposed of by means of an offer to all shareholders, the possibility is to be created to grant subscription rights for shares of the Company to the holders of warrants or convertible bonds to the extent they would have such subscription rights upon exercise of the warrant or conversion right or the fulfilment of the warrant or conversion obligation. The resulting exclusion of the subscription right of the shareholders has the advantage that the warrant or conversion price for the warrant or convertible bonds already issued does not have to be reduced pursuant to the conditions of the warrant and convertible bonds for the purpose of dilution protection, with the consequence that in this case, on the whole, the Company will receive more funds upon the exercise of the warrant or conversion rights or upon fulfilment of the warrant or conversion obligations. The shares transferred on the basis of this authorisation must not account for more than a pro-rata amount of 10 percent of the capital stock, provided that the shares are used for the fulfilment of warrant or conversion rights or warrant or conversion obligations which were granted or created in application, *mutatis mutandis*, of § 186 (3) sent. 4 German Stock Corporation Act. To this limit of 10 percent of the capital stock, such pro-rata amount of the capital stock is to be credited which during the term of this authorisation was issued or disposed of at the time of use in application, directly or *mutatis mutandis*, of § 186 (3) sent. 4 German Stock Corporation Act.
- (5) Furthermore, it is intended that the treasury shares may be used for the implementation of a so-called scrip dividend. In the case of a scrip dividend for which treasury shares are used, the shareholders are offered to assign to the Company their claim for payment of the dividend, which comes into existence with the resolution of the General Meeting on the appropriation of profits, in order to receive treasury shares in return.

The Management Board is to be authorised to exclude the subscription right of the shareholders in the course of the implementation of a scrip dividend, in order to be able to implement the scrip dividend at the best possible conditions. Depending on the capital markets situation, it may be preferable to structure the implementation of a scrip dividend using treasury shares in such manner that the Management Board offers to all shareholders who are entitled to dividends, in observance of the general principle of equal treatment (§ 53a German Stock Corporation Act), treasury shares for subscription against assignment of their dividend entitlement and, thus, to economically grant the shareholders a subscription right, but to legally exclude the shareholders' subscription right to new shares. Such exclusion of the subscription right facilitates the implementation of the scrip dividend at more flexible conditions. In view of the fact that all shareholders will be offered the treasury shares and excessive dividend amounts will be settled by cash payment of the dividend, an exclusion of the subscription right in this case appears as justified and appropriate. In addition, compared to a capital increase from authorised capital, the use of treasury shares for the implementation of a scrip dividend also has the advantage for the existing shareholders – in respect of ordinary shares – that compared to the situation before the acquisition of the treasury shares by the Company their voting right is not diluted.

The use of treasury shares to carry out a so-called scrip dividend is particularly advantageous for the Company – until the date of the conversion of preference shares into ordinary shares proposed under Agenda Item 4 becoming effective – if holders of preference shares are granted previously acquired preference shares and ordinary shareholders are granted new ordinary shares from authorised capital, in each case subject to an exclusion of subscription rights. This would enable the Company to achieve the greatest possible liquidity advantage since it would only have to buy back the required number of preference shares in advance. Moreover, such a structuring of a scrip dividend would not trigger an obligation to prepare and publish a securities prospectus, which would entail considerable effort and costs. Rather, this could be implemented without a prospectus. In contrast, implementing

a scrip dividend solely from authorised capital would not be possible without a prospectus under the current legal situation. The implementation of a stock dividend solely from previously acquired treasury shares would not offer the Company any significant liquidity advantages.

- (6) The Company is also to be enabled to redeem the treasury shares acquired pursuant to this authorisation or authorisations granted earlier without a new resolution of the General Meeting (§ 71 (1) no. 8 sent. 6 German Stock Corporation Act). In this respect, the proposed authorisation provides in accordance with § 237 (3) no. 3 German Stock Corporation Act that the Management Board may also redeem the shares without a capital reduction. By redemption of the shares without a capital reduction, the pro-rata amount of the other no-par value shares in the capital stock of the Company increases. In this respect, the Management Board is authorised to amend the Articles of Association with regard to the changing number of no-par value shares.

All of the authorisations for the acquisition and for the utilisation of treasury shares may be exercised both exclusively for ordinary shares and – until the date of the conversion of preference shares into ordinary shares proposed under Agenda Item 4 becoming effective – exclusively for preference shares or for both classes of shares. The authorisations for the utilisation of treasury shares are intended to apply accordingly also to such shares which were acquired on the basis of an earlier acquisition authorisation granted by the general meeting. It is intended to provide for the exclusion of or the possibility to exclude the subscription right of the shareholders also in this respect in the scenarios described above. With regard to the reasons for the exclusion of the subscription right, the statements above apply accordingly.

The Management Board will make its decision regarding the exercise of the proposed authorisation and the utilisation of acquired treasury shares within the framework of its duly exercised discretion. Furthermore, treasury shares will only be used for the purposes set out in Agenda Item 6 lit. c) bb), c) cc), c) dd), c) ee), c) ff) and c) gg) with the prior consent of the Supervisory Board.

At the moment, there are no specific plans to utilise the proposed authorisation for the acquisition of treasury shares. The Management Board will report on any utilisation of the authorisation at the next following General Meeting.

Supplementary information on Agenda Item 7

Report of the Management Board to the General Meeting pursuant to § 71 (1) no. 8 sent. 5 German Stock Corporation Act in conjunction with § 186 (4) sent. 2 German Stock Corporation Act on Agenda Item 7 (Authorisation for the use of derivatives in the course of the acquisition of treasury shares as well as for the exclusion of the subscription and tendering right)

With regard to Agenda Item 7, Management Board and Supervisory Board propose that by way of supplement to the authorisation for the acquisition of treasury shares pursuant to § 71 (1) no. 8 German Stock Corporation Act proposed to be resolved in Item 6 of this Agenda, the Company is to be authorised to acquire treasury shares also by using Derivatives and to enter into corresponding Derivatives transactions.

The authorisation therefore provides that Derivatives in the form of Put Options, Call Options, Forward Purchases or a combination of these instruments may also be used in the course of acquiring treasury shares. Agenda Item 7 thus extends Agenda Item 6 solely by the possibility of the repurchase using certain derivatives and is not an additional or separate authorisation for the repurchase, with the consequence that in all other respects all the conditions for a repurchase under Agenda Item 6 apply, namely the requirements in terms of time. Within the framework of the overall authorisation pursuant to Agenda Item 6, the volume for this kind of acquisition of treasury shares is further restricted to 5 percent of the capital stock. In each case, the term of the individual Derivatives may not be more than 18 months, has to end no later than on 11 April 2027, and has to be designed in such manner that the acquisition of the shares using the Derivatives cannot occur after 11 April 2027. By means of these additional alternative courses of action, the Company expands its possibilities for structuring the acquisition of treasury shares in an optimal manner. The authorisation is to become effective upon registration of the Capital Increase against Contribution in Kind proposed to be resolved under Agenda Item 2 No. 1, but irrespective thereof no later than on 12 October 2022.

When selling a Put Option, the Company grants to the acquirer of the Put Option the right, during a certain period of time or at a specific point in time, to sell shares of the Company to the Company at a price stipulated in the Put Option (exercise price). As a so-called writer (*Stillhalter*), the Company is obliged to acquire the number of shares stipulated in the Put Option at the exercise price if the Put Option is exercised. As consideration, the Company receives an option premium in return when selling the Put Option. From the perspective of the Company, the share buyback using Put Options has the advantage that the Exercise Price is already stipulated on the date the option is concluded. In contrast, the liquidity is only paid out on the date of exercise. If the option is not exercised, because the share price on the date of exercise is higher than the Exercise Price, the Company is unable to acquire treasury shares in this manner. However, it still retains the option premium received on the date on which the option was concluded.

When acquiring a Call Option, the Company receives the right against payment of an option premium, to purchase, during a certain period of time or at a specific point in time, a predetermined number of shares at a predetermined price (exercise price) from the seller of the option, the writer (*Stillhalter*). Exercising the Call Option is economically sensible for the Company if on the date of exercise the market price of the Company's share is higher than the exercise price, as it is then able to purchase the shares from the writer at the lower exercise price. By the acquisition of Call Options, the Company may hedge against increasing share prices and only has to acquire as many shares as it actually requires at the later point in time. In addition, by using Call Options, the Company's liquidity is spared, since the exercise price for the shares must be paid only when the Call Option is exercised. These aspects may justify in the individual case that the Company uses Call Options for an intended acquisition of treasury shares.

In the case of a Forward Purchase, the Company agrees with the forward seller to acquire the shares at a specified date in the future. The acquisition is made at a forward price stipulated at the time of conclusion of the Forward Purchase. Upon occurrence of this date, the Company pays the forward seller the forward price and the forward seller in return delivers the shares. The conclusion of such Forward Purchases may be advisable for the Company, in particular, for reasons of maintaining liquidity levels.

The Derivatives may be entered into only with one or more credit institution(s) which is/are independent from the Company and/or one or more companies operating in accordance with § 53 (1) sent. 1 or § 53b (1) sent. 1 or (7) of the German Banking Act. Thereby, the management is enabled – in contrast to cases where an offer for entering into

Derivatives is made to all shareholders – to conclude Derivatives transactions at short notice and, thus, to react quickly to market situations. In this respect, it has to be ensured that the Derivatives are only fulfilled with shares which are acquired in observance of the principle of equal treatment (§ 53a German Stock Corporation Act), in particular through the stock exchange, at the current stock price of the Company's share at the point in time of the acquisition. Pursuant to the statutory provision in § 71 (1) no. 8 German Stock Corporation Act, it is sufficient for observance of the principle of equal treatment if the shares are acquired through the stock exchange at the current stock price of the Company's share at the point in time of the acquisition through the stock exchange. Any right of the shareholders for the conclusion of Derivatives transactions with the Company is excluded in the same way as any tendering right of the shareholders. This exclusion is necessary, in order to facilitate the use of Derivatives in the course of the repurchase of treasury shares and to achieve the benefits for the Company related thereto. A conclusion of corresponding Derivatives transactions with all shareholders would not be feasible.

Where Derivatives are used, the consideration for the shares to be granted by the Company is the exercise price or forward price agreed in the respective Derivatives transaction (in each case without ancillary acquisition costs, but taking into account any premiums paid or received). By the stipulations in respect of the option premium made in the resolution and the permissible exercise price or forward price restricted in more detail in the resolution, it is prevented that the shareholders suffer a material economic disadvantage in the case of the acquisition of treasury shares using derivatives. Since the Company receives or pays a fair market price, the shareholders not participating in the derivative transactions do not suffer a material economic disadvantage. This is equivalent in effect to the position of the shareholders in the case of a repurchase of shares through the stock exchange, where not all shareholders are actually able to sell shares to the Company. Besides, the interests of the shareholders are considered by the requirement of the resolution that in exercising the option only such shares may be delivered which were previously acquired in observance of the principle of equal treatment. Both the requirements for the structuring of the Derivatives and the requirements for the shares suitable for delivery ensure that in the case of this form of acquisition the principle of equal treatment of the shareholders is also taken into account comprehensively. For this reason, is it justified, also in view of the rationale underlying § 186 (3) sent. 4 German Stock Corporation Act, that the shareholders are not entitled to enter into such Derivatives transactions with the Company.

With regard to the utilisation of the treasury shares acquired using Derivatives, the provisions set forth in Agenda Item 6 apply accordingly. These provisions are described in more detail in the Report of the Management Board to the General Meeting pursuant to § 71 (1) No. 8 sent. 5 German Stock Corporation Act in conjunction with § 186 (4) sent. 2 German Stock Corporation Act on Agenda Item 6.

At the moment, there are no specific plans to utilise the proposed authorisation for the use of Derivatives. The Management Board will report on any utilisation of the authorisation to acquire treasury shares using Derivatives at the next following General Meeting.

Supplementary information on Agenda Items 8 and 10

Report of the Management Board to the General Meeting pursuant to § 221 (4) sent. 2 German Stock Corporation Act in conjunction with § 186 (4) sent. 2 German Stock Corporation Act on Agenda Item 8 (Cancellation of the existing authorisation for the issue of warrant and/or convertible bonds of 13 February 2019, as well as granting of a new authorisation for the issue of warrant and/or convertible bonds with the option of an exclusion of the subscription right for these warrant and/or convertible bonds as well as creation of a new Conditional Capital 2022/II and cancellation of the existing conditional capital and corresponding revision of § 4 (8) of the Articles of Association) and on Agenda Item 10 (Granting of a new authorisation for the issue of warrant and/or convertible bonds with the option of an exclusion of the subscription right for these warrant and/or convertible bonds as well as creation of a new Conditional Capital 2022/III and corresponding supplementing of the Articles of Association to include a new § 4 (11) in the event of the entry of the Capital Increase against Contribution in Kind proposed under Agenda Item 2 No. 1 in the commercial register)

The Management Board has been authorised by resolution of the General Meeting of 13 February 2019 to issue, with the approval of the Supervisory Board, warrant and/or convertible bonds made out to the bearer, on one or more occasions, on or before 12 February 2024, with a total nominal amount of up to 1,000,000,000 euros – with or without a limitation of their term – and to grant or impose, as applicable, warrant rights or obligations to/on the holders of warrant bonds or, respectively, conversion rights or obligations to/on the holders of convertible bonds for ordinary shares of CECONOMY AG made out to the bearer with a proportionate amount of the capital stock of up to a total of 127,825,000 euros, subject to the more detailed provisions of the terms and conditions of the warrant or convertible bonds. A conditional capital in an amount of 127,825,000 euros was created for the fulfilment of the warrant and/or conversion rights or obligations (§ 4 (8) of the Articles of Association).

To enable CECONOMY AG to continue to make flexible use of attractive sources of financing, the authorisation to issue warrant and/or convertible bonds created by resolution of the Annual General Meeting of 13 February 2019 is to be renewed. In this respect, the term is to be extended early in order for the Company to have an authorisation to issue warrant and/or convertible bonds available at all times. The previous authorisation was not utilised.

Under Agenda Item 8, Management Board and Supervisory Board propose to cancel the existing authorisation to issue warrant and/or convertible bonds as well as the conditional capital created by resolution of the Annual General Meeting of 13 February 2019 and to create a new authorisation and a new conditional capital (Conditional Capital 2022/II) with the authorisation to exclude subscription rights.

Under Agenda Item 8, the Management Board is to be authorised to issue, with the approval of the Supervisory Board, warrant or convertible bonds made out to the bearer (together the **“Bonds”**), on one or more occasions, on or before 11 April 2027, with a total nominal amount of up to 1,000,000,000 euros – with or without a limitation of their term – and to grant or impose, as applicable, warrant rights or obligations to/on the holders of warrant bonds or, respectively, conversion rights or obligations to/on the holders of convertible bonds for ordinary shares of CECONOMY AG made out to the bearer with a proportionate amount of the capital stock of up to a total of 127,825,000 euros, subject to the more detailed provisions of the respective terms and conditions of the warrant or convertible bonds (hereinafter each referred to as **“Bond Conditions”**).

Furthermore, Management Board and Supervisory Board propose under Agenda Item 10 to create, subject to the condition precedent of the registration of the Capital Increase against Contribution in Kind proposed to be resolved under Agenda Item 2 No. 1, an additional authorisation for the issuance of warrant and/or convertible bonds and a corresponding new conditional capital (Conditional Capital 2022/III) with the authorisation to exclude the subscription right. This is intended to take account of the increase in the capital stock as a result of the Capital Increase against

Contributions in Kind. In total, the Conditional Capital 2022/II and the Conditional Capital 2022/III will amount to approximately 14 percent of the capital stock. This corresponds to the ratio of the current conditional capital in § 4 (8) of the Articles of Association to the current, not yet increased capital stock of the Company.

Under Agenda Item 10, subject to the condition precedent of the Capital Increase against Contribution in Kind proposed to be resolved under Agenda Item 2 No. 1 becoming effective, the Management Board is to be authorised to issue, with the approval of the Supervisory Board, warrant and/or convertible bonds made out to the bearer (together the **"Bonds"**), on one or more occasions, on or before 11 April 2027, with a total nominal amount of up to 350,000,000 euros – with or without a limitation of their term – and to grant or impose, as applicable, warrant rights or obligations to/on the holders of warrant bonds or, respectively, conversion rights or obligations to/on the holders of convertible bonds for ordinary shares of CECONOMY AG made out to the bearer with a proportionate amount of the capital stock of up to a total of 44,738,750 euros, subject to the more detailed provisions of the terms and conditions of the warrant or convertible bonds (hereinafter each referred to as **"Bond Conditions"**).

Since the authorisations under Agenda Items 8 and 10 and the related Conditional Capital 2022/II and Conditional Capital 2022/III are identical except for their amounts and their effective dates, they are explained together below in order to avoid repetitions.

In addition to issuances in euros, it is intended that in each case the Bonds may also be issued in the legal currency of an OECD country – limited to the appropriate equivalent amount in euros. The authorisations are further intended to enable CECONOMY AG to issue the Bonds also through an affiliate of CECONOMY AG as defined in § 18 German Stock Corporation Act in which CECONOMY AG directly or indirectly holds at least 90 percent of the shares.

In the case of an issuance of Bonds granting a warrant or conversion right or imposing a warrant or conversion obligation, the following applies: The respective warrant or conversion price to be determined for one ordinary share of CECONOMY AG must – except in cases in which a warrant or conversion obligation or a substitution right – amount to at least 80 percent of the volume-weighted arithmetic average closing price of the ordinary shares of CECONOMY AG in electronic trading at the Frankfurt Stock Exchange on the ten exchange trading days prior to the date the resolution is adopted by the Management Board regarding the issuance of the Bonds or – in the event subscription rights are granted – at least 80 percent of the volume-weighted arithmetic average stock price of the ordinary shares of CECONOMY AG in electronic trading at the Frankfurt Stock Exchange during the subscription period, with the exception of the days of the subscription period required for the timely announcement of the warrant or conversion price pursuant to § 186 (2) sent. 2 German Stock Corporation Act. §§ 9 (1) and 199 (2) German Stock Corporation Act remain unaffected.

In the event that the Bond Conditions create a conversion obligation or warrant obligation at the end of their term (or at another point in time) or that a substitution right of CECONOMY AG is provided for, the warrant or conversion price must – subject to the more detailed provisions of the Bond Conditions – be at least the above-mentioned minimum price or must be equal to the volume-weighted average closing price of the ordinary share of CECONOMY AG in electronic trading at the Frankfurt Stock Exchange during the ten exchange trading days before or after the final maturity date or the other stipulated point in time, even if this average price is below the above-mentioned minimum price, even if this average price is below the above-mentioned minimum price. The proportionate amount of the capital stock of the ordinary shares of CECONOMY AG to be issued upon conversion or exercise of the warrant may not exceed the nominal value of the Bonds.

As a general rule, in the case of an issue of Bonds, the shareholders are entitled to the subscription right for such Bonds carrying warrant or conversion rights or obligations (§§ 221 (4), 186 (1) German Stock Corporation Act). In order to facilitate processing for the issue of Bonds, it is intended to allow for making use of the possibility that the Bonds are assumed by credit institutions or by equivalent companies pursuant to § 186 (5) German Stock Corporation Act, subject to the obligation to offer them to the shareholders in accordance with their subscription rights. Where Bonds are issued by an affiliate of CECONOMY AG as defined in § 18 German Stock Corporation Act in which CECONOMY AG directly or indirectly holds at least 90 percent of the shares, CECONOMY AG has to ensure the granting of the statutory subscription right for the shareholders of CECONOMY AG in accordance with the preceding sentence.

However, the Management Board is to be authorised in each case to exclude the subscription right in certain cases, with the approval of the Supervisory Board.

- (1) The Management Board is to be authorised, with the approval of the Supervisory Board, to exclude the subscription right for the compensation of fractional amounts.

The purpose of this exclusion of subscription rights is to facilitate the processing of a share issue where subscription rights for shareholders are generally granted. Fractional amounts may result from the respective issue volume and from the fact that it is necessary to apply a technically feasible subscription right ratio. The value of the fractional amounts per shareholder is generally low, which is why the potential dilution effect can also be regarded as low. In contrast, the effort required for share issues without such exclusion is significantly higher, which causes additional costs.

- (2) Further, the Management Board is to be authorised, with the approval of the Supervisory Board, to exclude the shareholders' subscription right to grant holders of previously issued warrant or conversion rights or obligations a subscription right to the extent to which they would be entitled as shareholders after exercising the warrant or conversion right or upon fulfilment of the warrant or conversion obligation.

The exclusion of the subscription right for the benefit of holders of warrant or conversion rights or obligations that already have been issued has the advantage that the warrant or conversion price for the warrant or conversion rights or obligations that already have been issued does not have to be reduced and that, thus, a higher total inflow of funds can be achieved. Besides, equipping bonds with this type of anti-dilution protection is standard market practice.

- (3) The Management Board is further to be authorised, with the approval of the Supervisory Board, to exclude the subscription right of the shareholders in its entirety – in application, *mutatis mutandis*, of § 186 (3) sent. 4 German Stock Corporation Act – if the issue of the Bonds carrying warrant or conversion rights or obligations is made against cash payment at an issue price which is not significantly lower than the market price of these Bonds.

This awards CECONOMY AG the opportunity to make use of favourable market opportunities quickly and at short notice and to obtain better conditions for the determination of the interest rate and the issue price of the Bonds by stipulating terms and conditions which are closer to the market environment. A stipulation of terms and conditions that are closely related to the market environment and a smooth placement would not be possible if the subscription right had to be observed. § 186 para. 2 AktG allows for a publication of the issue price (and, thus, the terms and conditions of these Bonds) until the third last day of the subscription period. However, given the volatility of the equity markets that is often observable, there still exists a market risk for several days, leading to safety discounts when determining the conditions of the Bonds and hence resulting in terms that are not close to market conditions. Furthermore, if the subscription rights are granted, a successful placement with third parties is made more difficult or entails additional efforts, given the uncertainty regarding the exercise of the subscription right (subscription behaviour). Finally, if granting subscription rights, CECONOMY AG is unable to react to favourable or unfavourable changes in market conditions on short notice because of the duration of the subscription period, but is exposed to declining stock prices during the subscription period which may lead to CECONOMY AG procuring capital on unfavourable terms.

Pursuant to § 221 (4) sent. 2 German Stock Corporation Act, the provision in § 186 (3) sent. 4 German Stock Corporation Act applies accordingly to this case of an exclusion of the subscription right in its entirety. According to the resolution, the limit stipulated in this provision for the exclusion of the subscription right of 10 percent of the capital stock has to be complied with. It is ensured by means of a respective stipulation in the authorisation resolutions that the limit of 10 percent is not exceeded in the case of a capital reduction, since the authorisation to exclude the subscription right must not exceed an amount of 10 percent of the registered capital stock, neither at the time of the becoming effective, nor – in the event that this value is lower – at the time of the utilisation of this authorisation. To the aforementioned maximum limit of 10 percent of the capital stock, the proportionate amount of the capital stock has to be credited which is attributable to shares which since the granting of the respective authorisation have – subject to an exclusion of subscription rights – either been issued on the basis of an authorisation of the Management Board to exclude subscription rights in direct or analogous application of § 186 (3) sent. 4 German Stock Corporation Act or disposed of as acquired

treasury shares in analogous application of § 186 (3) sent. 4 German Stock Corporation Act, until the issue – subject to an exclusion of subscription rights pursuant to § 186 (3) sent. 4 German Stock Corporation Act utilising the respective authorisation – of Bonds with conversion and/or warrant rights or conversion and/or warrant obligations.

§ 186 (3) sent. 4 German Stock Corporation Act further stipulates that the issue price may not be significantly lower than the market price. This provision is intended to ensure that no significant economic dilution of the value of the shares occurs. Whether or not such dilution effect occurs in the event of an issue of Bonds carrying warrant or conversion rights or warrant or conversion obligations without granting subscription rights may be determined by calculating the hypothetical market price of the Bonds in accordance with generally accepted financial mathematical methods and comparing it to the issue price. If in the process of a duly conducted examination this issue price is found to be only insignificantly lower than the hypothetical market price at the time of the issue of the Bonds, the exclusion of the subscription right is permissible in accordance with the rationale and purpose of the provision in § 186 (3) sent. 4 German Stock Corporation Act, because the deduction is merely insignificant. Therefore, the authorisation resolution stipulates that, prior to the issue of Bonds carrying warrant or conversion rights or warrant or conversion obligations, the Management Board upon a duly conducted examination has to come to the conclusion that the intended issue price does not lead to a significant dilution since the issue price is not significantly lower than the hypothetical market price determined in accordance with generally accepted financial mathematical methods. This would result in the calculational value of a subscription right being close to zero, thus ensuring that the shareholders will not suffer any material economic disadvantages from the exclusion of the subscription rights. Independently from this examination conducted by the Management Board, a determination of terms and conditions which are closely related to market conditions – and thus the avoidance of a significant dilution of the value – is ensured in cases where a book-building procedure is conducted. In the course of this procedure, the Bonds are being offered at a fixed issue price; however, individual terms of the Bonds (for example, applicable interest rate and, as the case may be, their term) are stipulated on the basis of the purchasing orders submitted by investors, thus leading to a determination of a total value of the Bonds which is close to market conditions. All this ensures that the exclusion of the subscription right does not lead to a significant dilution of the value of the ordinary shares.

Besides, also after the exercise of warrant or conversion rights or the occurrence of warrant or conversion obligations, the shareholders have the opportunity, at any time, to maintain the extent of their portion of the capital stock of CECONOMY AG by acquiring ordinary shares through the stock market. In contrast, the authorisations to exclude the subscription right facilitate the determination of terms and conditions close to market conditions, the highest possible extent of security regarding a placement with third parties and the utilisation of favourable market situations at short notice by CECONOMY AG.

To protect shareholders, the authorisations contain a restriction on the total scope of the capital measures of CECONOMY AG for which subscription rights are excluded. On aggregate, pursuant to these authorisations, the shares that are or have to be issued for the fulfilment of warrant or convertible bonds which are issued subject to an exclusion of subscription rights in application, *mutatis mutandis*, of § 186 (3) sent. 4 German Stock Corporation Act may not amount to more than 10 percent of the capital stock existing at the time the respective authorisation becomes effective – which in the case of Conditional Capital 2022/III is increased accordingly by the Capital Increase against Contribution in Kind proposed to be resolved under Agenda Item 2 No. 1. Shares that are newly issued subject to an exclusion of the subscription right in direct or analogous application of § 186 (3) sent. 4 German Stock Corporation Act or which are issued from authorised capital against contribution in kind subject to an exclusion of the subscription right for the purpose of corporate mergers or for the acquisition (also indirectly) of companies, divisions of companies, operational activities, branches of activity or company interests, are to be counted towards this maximum limit. The use of treasury shares subject to an exclusion of subscription rights is not to be credited to the maximum limit. Reference is made in this respect to the report of the Management Board to the General Meeting on the creation of a new authorised capital (Agenda Items 5 and 9).

In consideration of all the circumstances mentioned above, the Management Board, in agreement with the Supervisory Board of CECONOMY AG, considers the authorisations to exclude the subscription right of the shareholders within the

defined limits to be objectively justified and appropriate for the reasons stated above and also taking into account the possible dilution effect when using the authorisation.

Currently, there are no specific plans to utilise the authorisations to issue warrant and/or convertible bonds. In each case, the Management Board will examine with due care whether the utilisation of the authorisations is in the interest of CECONOMY AG and its shareholders. The Management Board will report to the General Meeting on any utilisation of the authorisations.

FURTHER DETAILS AND INFORMATION

TOTAL NUMBER OF SHARES AND VOTING RIGHTS

At the time of the calling of the General Meeting, the capital stock of CECONOMY AG is divided into 359,421,084 no-par value shares. Of these, 356,743,118 shares are ordinary shares, conferring 356,743,118 voting rights in this Extraordinary General Meeting, and 2,677,966 shares are preference shares not conferring voting rights in this Extraordinary General Meeting. One ordinary share confers one vote. The total number of voting rights at the time of calling the general meeting thus amounts to 356,743,118.

GENERAL MEETING WITHOUT PHYSICAL PRESENCE OF SHAREHOLDERS AND THEIR PROXIES

The Management Board of the Company has decided, in accordance with Article 2 § 1 (1), (2) COVID-19 Act, to hold the Extraordinary General Meeting of the Company as a virtual general meeting without the physical presence of the shareholders or their proxies (with the exception of the proxies nominated by the Company). The Supervisory Board of the Company has approved this resolution of the Management Board in accordance with Article 2 § 1 (1), (2) and (6) COVID-19 Act. Physical attendance of shareholders or their proxies (with the exception of the proxies nominated by the Company) is therefore excluded.

We therefore ask the shareholders and their proxies to take particular notice of the following information regarding registration for the virtual General Meeting, the exercise of voting rights and the other shareholder rights.

The holding of the Extraordinary General Meeting as a virtual general meeting in accordance with the COVID-19 Act will lead, in particular, to the following modifications regarding the procedures of the General Meeting and the rights of the shareholders:

- The General Meeting will be broadcast live in full (audio and video) for all shareholders duly registered for the General Meeting or their proxies via the InvestorPortal on the Internet (see "AUDIO AND VIDEO BROADCAST OF THE VIRTUAL GENERAL MEETING").
- All duly registered holders of ordinary shares or their proxies may exercise their voting rights by means of electronic absentee voting as well as by granting power of attorney to the proxies nominated by the Company (see "VOTING BY ELECTRONIC ABSENTEE VOTE" and "PROXY VOTING").
- Shareholders duly registered for the General Meeting or their proxies will be given the opportunity to ask questions by electronic communication (see "SHAREHOLDERS' RIGHT TO ASK QUESTIONS PURSUANT TO ARTICLE 2 § 1 (2) SENT. 1 NO. 3 AND SENT. 2 COVID-19 ACT").
- Shareholders duly registered for the General Meeting or their proxies who have submitted questions in due time prior to the General Meeting will be given the possibility during the General Meeting to submit follow-up questions by electronic communication (see "VOLUNTARY POSSIBILITY FOR FOLLOW-UP QUESTIONS DURING THE VIRTUAL GENERAL MEETING").
- Shareholders duly registered for the General Meeting or their proxies will be given the opportunity to comment on the agenda by means of video messages (see "SUBMITTING VIDEO MESSAGES VIA THE INVESTORPORTAL").
- Holders of ordinary shares or their proxies who have exercised their voting rights may lodge an objection to resolutions of the General Meeting via the InvestorPortal while the General Meeting is being held (see "OBJECTION TO RESOLUTIONS OF THE VIRTUAL GENERAL MEETING PURSUANT TO ARTICLE 2 § 1 (2) SENT. 1 NO. 4 COVID-19 ACT").

For duly registered shareholders or their proxies, the InvestorPortal is open from **Tuesday, 22 March 2022** at the Internet address

www.ceconomy.de/general-meeting

and it is also available to them on the day of the General Meeting and for its full duration. There, the holders of ordinary shares can also exercise their voting rights by electronic absentee vote and issue powers of attorney and instructions to the proxies nominated by the Company on the day of the General Meeting until the end of the voting. In addition, the holders of ordinary shares may lodge an objection to a resolution of the General Meeting there from the beginning to the end of the General Meeting. Shareholders or their proxies can find the necessary access data for the InvestorPortal in the confirmation of registration, which will be sent to them after proper registration and provision of proper proof of share ownership.

With regard to the exercise of the right to ask questions, the Management Board of the Company has decided, with the consent of the Supervisory Board, that questions must be submitted by electronic communication no later than one day before the General Meeting (see "SHAREHOLDERS' RIGHT TO ASK QUESTIONS PURSUANT TO ARTICLE 2 § 1 (2) SENT. 1 NO. 3 AND SENT. 2 COVID-19 ACT").

PARTICIPATION IN THE VIRTUAL GENERAL MEETING WITHOUT SHAREHOLDER PRESENCE AND EXERCISE OF VOTING RIGHTS

Pursuant to § 16 of the Articles of Association, holders of ordinary shares are entitled to participate in the virtual General Meeting and to exercise the voting right and holders of preference shares are entitled to participate in the General Meeting if they have registered with the Company in time and have provided proof of their entitlement.

Please note that the shareholders and their proxies (with the exception of the proxies nominated by the Company) have no right or opportunity to be present at the venue of the Extraordinary General Meeting. Voting can only be carried out by holders of ordinary shares or their proxies by means of electronic absentee vote or by authorising and instructing the proxies nominated by the Company (see "VOTING BY ELECTRONIC ABSENTEE VOTE" and "PROXY VOTING").

The registration must be received by CECONOMY AG no later than **Tuesday, 5 April 2022, 24:00 CEST**, in text form and in the German or English language, at

CECONOMY AG
c/o DZ BANK AG
represented by dwpbank
– DPHVG –
Landsberger Str. 187
80687 Munich

or by fax at: +49 (0) 69 5099 1110
or by e-mail at: hv-eintrittskarten@dwpbank.de

Pursuant to § 16 (2) of the Company's Articles of Association, proof of entitlement to participate in the General Meeting and to exercise voting rights requires proof of share ownership in text form from the last intermediary pursuant to § 67c (3) German Stock Corporation Act (i.e. the institution which maintains securities accounts for the shareholder). The proof of share ownership must relate to the beginning of the 21st day prior to the General Meeting ("**Record Date**") – in this case **Tuesday, 22 March 2022, 00:00 CET** – and be received by CECONOMY AG no later than **Tuesday, 5 April 2022, 24:00 CEST**, at

CECONOMY AG
c/o DZ BANK AG
represented by dwpbank
– DPHVG –
Landsberger Str. 187
80687 Munich

or by fax at: +49 (0) 69 5099 1110
or by e-mail at: hv-eintrittskarten@dwpbank.de

In relation to the Company, only such person who has provided proof of eligibility will be regarded as a shareholder for the purposes of participation in the General Meeting and the exercising of voting rights.

The right to participate in the virtual General Meeting and the extent of the right to vote are determined based on the shareholder's share ownership on the Record Date. The Record Date does not constitute a restriction for dispositions in respect of shares; in particular, shares may be acquired and disposed of regardless of the Record Date. Even in the event of the complete or partial disposal of the shares after the Record Date, only the shareholding of the shareholder as of the Record Date is relevant with regard to participation and the extent of the voting rights, which means that disposals of shares occurring after the Record Date have no effect on the entitlement to participate and the extent of the voting rights. The same applies with regard to acquisitions of shares after the Record Date.

After receipt of the registration and proof of share ownership, the confirmation of registration for the virtual General Meeting will be sent to the shareholders entitled to participate or their proxies. The respective confirmation of registration contains, among other things, the necessary access data for the InvestorPortal on the Company's website, via which the virtual General Meeting is broadcast and via which the voting right and other shareholder rights can be exercised. Together with the confirmation of registration, forms for the authorisation of third parties and the authorisation of proxies nominated by the Company will also be sent. In order to ensure that the confirmation of registration is received in good time, we kindly ask shareholders to ensure that the registration and proof are sent in good time, if necessary via their depository institutions (last intermediaries).

VIDEO AND AUDIO BROADCAST OF THE VIRTUAL GENERAL MEETING

For all duly registered shareholders of the Company or their proxies, the entire General Meeting on **Tuesday, 12 April 2022, starting at 10:00 a.m. CEST**, will be broadcast live (audio and video) on the InvestorPortal, accessible via the access-protected InvestorPortal on the Company's website at:

www.ceconomy.de/general-meeting

The access data required for access to the InvestorPortal will be sent to the shareholders duly registered for the virtual General Meeting or their proxies together with the confirmation of registration.

VOTING BY ELECTRONIC ABSENTEE VOTE

Holders of ordinary shares or their proxies can exercise their voting rights by means of a so-called absentee vote via electronic communication, or electronic absentee vote, via the access-protected InvestorPortal.

In order to exercise the voting right by electronic absentee vote, a timely registration of the holder of ordinary shares for the General Meeting and provision of proper proof of share ownership of the holder of ordinary shares in accordance with the provisions described above (cf. "PARTICIPATION IN THE VIRTUAL GENERAL MEETING WITHOUT SHAREHOLDER PRESENCE AND EXERCISE OF VOTING RIGHTS") are required.

For the casting of electronic absentee votes or, respectively, for their revocation or changes thereto, from **Tuesday, 22 March 2022**, holders of ordinary shares duly registered for the virtual General Meeting or their proxies can use the InvestorPortal on the Company's website at:

www.ceconomy.de/general-meeting

Holders of ordinary shares or their proxies can find the necessary access data for the InvestorPortal in the confirmation of registration, which will be sent to them after timely registration and provision of proper proof of share ownership (see "PARTICIPATION IN THE VIRTUAL GENERAL MEETING WITHOUT SHAREHOLDER PRESENCE AND EXERCISE OF VOTING RIGHTS").

Voting by electronic absentee vote, including revocation or change of a vote cast via the InvestorPortal, is possible until the end of the voting period, but at least until 11:30 a.m. CEST. The end of the voting period will be set by the chairman of the meeting at a time after the end of the answering of questions, but not before 11:30 a.m. CEST, and will be announced in the video and audio broadcast.

Further details on voting by electronic absentee vote will be sent out together with the confirmation of registration after proper registration for the virtual General Meeting. The relevant information can also be reviewed on the Company's website at:

www.ceconomy.de/general-meeting

ELECTRONIC CONFIRMATION OF THE CASTING OF VOTES

Holders of ordinary shares or their proxies who exercise voting rights by electronic absentee vote will receive an electronic confirmation from the Company that their voting rights have been exercised electronically in accordance with the requirements of § 118 (1) sent. 3 to 5 German Stock Corporation Act in conjunction with Article 7 (1), Article 9 (5) subpara. 1 of Implementing Regulation (EU) 2018/1212. This confirmation will be made available to the holder of ordinary shares or, in the case of proxy voting, to the proxy in the Company's InvestorPortal directly after the electronic absentee vote has been cast.

If the vote is not cast by the holder of ordinary shares himself/herself, but by an intermediary within the meaning of § 67a (4) German Stock Corporation Act by means of electronic absentee voting, the intermediary must promptly transmit the electronic confirmation of the electronic exercise of the voting right to the holder of ordinary shares in accordance with § 118 (1) sent. 4 German Stock Corporation Act.

The Company reserves the right to use a third party to transmit the electronic confirmation of the casting of votes.

PROOF OF VOTE COUNTING

Pursuant to § 129 (5) sent. 1 German Stock Corporation Act, holders of ordinary shares or their proxies may request confirmation from the Company within one month of the General Meeting, i.e. until **Thursday, 12 May 2022, 24:00 CEST**, as to whether and how the votes cast have been counted. The request can be made in the InvestorPortal timely after the close of the General Meeting until **Thursday, 12 May 2022, 24:00 CEST**. Alternatively, a form for the request is available on the Company's website at:

www.ceconomy.de/general-meeting

and may also be requested at the following address:

CECONOMY AG
Corporate Office & Corporate Law
Kaistraße 3
40221 Düsseldorf

or by fax at: +49 (0)211 5408-7005
or by e-mail at: hv2022@ceconomy.de

The completed form for requesting confirmation of the counting of votes can be sent until **Thursday, 12 May 2022, 24:00 CEST**, to the above address, fax number or e-mail address. In each case, receipt by the Company will be relevant.

In this case, the Company or a third party commissioned by the Company to transmit the confirmation will provide the holder of ordinary shares or his or her proxy with a confirmation in accordance with the requirements of § 129 (5) sent. 2 German Stock Corporation Act in conjunction with Article 7 (2) of Implementing Regulation (EU) 2018/1212 within the fifteen-day period pursuant to Article 9 (5) subpara. 2 of Implementing Regulation (EU) 2018/1212.

If the votes are not cast by the holder of ordinary shares himself/herself, but by an intermediary within the meaning of § 67a (4) German Stock Corporation Act and if such intermediary requests transmission of the aforementioned confirmation, the intermediary must promptly transmit this confirmation regarding the counting of the votes cast to the holder of ordinary shares in accordance with § 129 (5) sent. 3 German Stock Corporation Act.

PROXY VOTING

Authorisation of a third party

Holders of ordinary shares may also have their voting right exercised by a proxy – e.g. an intermediary, a shareholders' association, a proxy advisor or any other third party. Also in case of an authorisation of proxies, a timely registration of the holder of ordinary shares for the General Meeting and a proper provision of the proof of share ownership of the holder of ordinary shares in accordance with the provisions described above (cf. "PARTICIPATION IN THE VIRTUAL GENERAL MEETING WITHOUT SHAREHOLDER PRESENCE AND EXERCISE OF VOTING RIGHTS") are required. Proxies, too, can only exercise the voting right in the General Meeting by means of electronic absentee vote or by granting (sub-)powers of attorney, in particular to the proxies nominated by the Company. In order for a proxy to be able to follow the virtual General Meeting via the InvestorPortal and to conduct an electronic absentee vote or grant (sub-) powers of attorney electronically via the InvestorPortal, such proxy requires the access data of the holder of ordinary shares for the InvestorPortal. If the proxy is granted at the same time as registration for the virtual General Meeting, the access data will be sent directly to the proxy. Otherwise, the holder of ordinary shares is required to pass on the access data to the proxy.

The granting of the power of attorney, its revocation and the proof of authorisation vis-à-vis the Company must be made in text form, unless a power of attorney is granted in accordance with § 135 German Stock Corporation Act, or may alternatively be made via the InvestorPortal on the Company's website.

Proxy forms will be sent to the holders of ordinary shares together with the confirmation of registration for the virtual General Meeting and are available on the Company's website at:

www.ceconomy.de/general-meeting

In addition, proxy forms may also be requested at the following address:

CECONOMY AG
Corporate Office & Corporate Law
Kaistraße 3
40221 Düsseldorf

or by fax at: +49 (0)211 5408-7005
or by e-mail at: hv2022@ceconomy.de

If powers of attorney to exercise voting rights are issued in accordance with § 135 of the German Stock Corporation Act (granting of powers of attorney to intermediaries, shareholders' associations, proxy advisors or professional agents), the special statutory provisions of § 135 of the German Stock Corporation Act apply, which require, among other things, that the declaration of power of attorney be verifiably recorded by the proxy. In this respect, exceptions from the general text form requirement may therefore apply. We therefore ask holders of ordinary shares in these cases to coordinate on the form of the power of attorney with the proxy.

Authorisation of the proxies nominated by the Company

Holders of ordinary shares may also authorise proxies nominated by the Company to exercise their voting rights. In this case, too, a timely registration of the holder of ordinary shares for the General Meeting and a proper provision of the proof of share ownership of the holder of ordinary shares in accordance with the provisions described above (cf. PARTICIPATION IN THE VIRTUAL GENERAL MEETING WITHOUT SHAREHOLDER PRESENCE AND EXERCISE OF VOTING RIGHTS) are required.

The proxies nominated by the Company will exercise the voting right only on the basis of express and unambiguous instructions. Therefore, the holders of ordinary shares have to issue express and unambiguous instructions in respect of the items of the Agenda with regard to which they wish the voting right to be exercised. The proxies nominated by the Company are obliged to vote in accordance with the instructions given to them. In the event that individual ballots are conducted in respect of an item on the Agenda, an instruction must be issued in respect of each individual sub-item. To the extent that no express and unambiguous instruction was given, the proxies nominated by the Company will refrain from voting with regard to the respective subject matter of the ballot. The proxies nominated by the Company do not accept any instructions to submit a request to address the General Meeting, to record objections to General Meeting resolutions or to ask questions or table motions.

The relevant forms will be sent to the holders of ordinary shares together with the confirmation of registration for the virtual General Meeting and can also be requested at

CECONOMY AG
Corporate Office & Corporate Law
Kaistraße 3
40221 Düsseldorf

or by fax at: +49 (0)211 5408-7005
or by e-mail at: hv2022@ceconomy.de

or downloaded on the Internet at:

www.ceconomy.de/general-meeting

Alternatively, the authorisation and its revocation can be made via the InvestorPortal on the Company's website.

Access to the InvestorPortal requires the access data sent together with the confirmation of registration (see "PARTICIPATION IN THE VIRTUAL GENERAL MEETING WITHOUT SHAREHOLDER PRESENCE AND EXERCISE OF VOTING RIGHTS"). More detailed information regarding the authorisation and the granting of instructions through the InvestorPortal are available on the Internet at:

www.ceconomy.de/general-meeting

Submission of powers of attorney and instructions and proof of authorisation

The power of attorney to the proxies nominated by the Company or to a third party can be granted or revoked until the **end of the voting period**, at least until 11:30 a.m. CEST,

via the InvestorPortal on the Company's website at:

www.ceconomy.de/general-meeting

This also serves as proof of the authorisation.

Alternatively, a power of attorney can be issued to the proxies nominated by the Company or to third parties in text form and proof of the authorisation can be submitted to the Company

until **Thursday, 7 April 2022, 12:00 p.m. CEST**, at

CECONOMY AG
c/o Computershare Operations Center
80249 Munich

or

until **Monday, 11 April 2022, 12:00 p.m. CEST**,

by fax to: +49 (0) 89 30903-74675
or by e-mail at: anmeldestelle@computershare.de

In each case, receipt by the Company will be relevant.

RIGHTS OF SHAREHOLDERS
PURSUANT TO §§ 122 (2), 126 (1), 127 GERMAN STOCK CORPORATION ACT
AND ARTICLE 2 § 1 (2) COVID-19 ACT

Motions to supplement the Agenda pursuant to § 122 (2) German Stock Corporation Act

Shareholders whose shares, in aggregate, represent 5 per cent of the capital stock or a proportionate amount of 500,000 euros – this is the equivalent of at least 195,583 no-par value shares –, may request that items be placed on the Agenda and published. Such request must be made in writing or in electronic form pursuant to § 126a German Civil Code (which means with a qualified electronic signature) to the Management Board of the Company and has to be received by the Company no later than **Saturday, 12 March 2022, 24:00 CET**. Such requests may solely be addressed to:

Vorstand der CECONOMY AG
Corporate Office & Corporate Law
Kaistraße 3
40221 Düsseldorf

or in electronic form pursuant to § 126a German Civil Code by e-mail to: hv2022@ceconomy.de

Motions to supplement the Agenda that are addressed differently will not be considered.

Any new item for the Agenda must be accompanied by a statement of reasons or a resolution proposal. Shareholders presenting such a motion shall furnish evidence that they have been holder(s) of such shares for not less than 90 days prior to the date of receipt of the request and that they will hold the shares until a decision on the motion by the Management Board. In calculating this minimum holding period, § 70 German Stock Corporation Act is to be observed. The motion is to be signed by all shareholders whose shares, in aggregate, represent the required quorum, or by their duly appointed representatives.

The publication and communication of motions to supplement the Agenda are made in the same way as the calling of the meeting.

Shareholder motions pursuant to § 126 (1) German Stock Corporation Act

Pursuant to § 126 (1) German Stock Corporation Act, shareholders are given the opportunity to submit counter-motions to proposals of the Management Board and/or Supervisory Board on certain Agenda items prior to the General Meeting in accordance with the following explanations:

Motions pursuant to § 126 German Stock Corporation Act may be addressed solely to

CECONOMY AG
Corporate Office & Corporate Law
Kaistraße 3
40221 Düsseldorf

or by fax to: +49 (0)211 5408-7005
or by e-mail to: hv2022@ceconomy.de

Counter-motions that are addressed differently will not be considered.

Shareholder motions received no later than **Monday, 28 March 2022, 24:00 CEST**, at the above contact details and in due form, in particular accompanied by a stating of reasons, will be made accessible on the following website without undue delay

www.ceconomy.de/general-meeting

including the name of the shareholder submitting the motion and the reasons therefor. Any responses from the management will also be made accessible on the above website.

The Company may refrain from publishing counter-motions and the reasons stated therefor if one of the exclusion requirements pursuant to § 126 (2) German Stock Corporation Act is met, e.g. if the counter-motion would result in a resolution of the General Meeting violating the law or the Articles of Association. The reasons stated for a counter-motion need not be made accessible if they exceed a total of 5,000 characters.

Shareholders are requested to provide proof of their status as shareholders already at the time of sending their counter-motions.

Pursuant to Article 2 § 1 (2) sent. 3 COVID-19 Act, counter-motions to be made accessible in accordance with § 126 German Stock Corporation Act are deemed to have been put for a vote verbally at the General Meeting, provided that the shareholder submitting the motion has provided due proof of his/her eligibility and has duly registered for the General Meeting.

Election nominations by shareholders pursuant to § 127 German Stock Corporation Act

Pursuant to § 127 German Stock Corporation Act, shareholders are given the opportunity to submit nominations for the election of Supervisory Board members or auditors prior to the General Meeting in accordance with the following explanations:

Election nominations pursuant to § 127 German Stock Corporation Act may be addressed solely to

CECONOMY AG
Corporate Office & Corporate Law
Kaistraße 3
40221 Düsseldorf

or by fax to: +49 (0)211 5408-7005
or by e-mail to: hv2022@ceconomy.de

Election nominations that are addressed differently will not be considered.

Election nominations received no later than **Monday, 28 March 2022, 24:00 CEST**, at the above contact details and in due form will be made accessible on the following website without undue delay

www.ceconomy.de/general-meeting

including the name of the shareholder submitting the nomination. Any responses from the management will also be made accessible on the above website.

The Company may refrain from publishing an election nomination if one of the exclusion requirements pursuant to § 127 sent. 1 German Stock Corporation Act in conjunction with § 126 (2) German Stock Corporation Act is met, e.g. if the election nomination would result in a resolution of the General Meeting violating the law or the Articles of Association. In addition, the Management Board is further not obliged to make an election nomination accessible, if the proposal does not contain the name, practised profession and place of residence of the proposed candidate and, in the event of a nomination of Supervisory Board members, does not contain information about their membership in other supervisory boards which are to be established pursuant to statutory law. Unlike counter-motions pursuant to § 126 German Stock Corporation Act, no reasons need to be stated for election nominations.

Shareholders are requested to provide proof of their status as shareholders already at the time of sending their election nominations.

Pursuant to Article 2 § 1 (2) sent. 3 COVID-19 Act, election nominations to be made accessible in accordance with § 127 German Stock Corporation Act are deemed to have been put for a vote verbally at the General Meeting, provided that the shareholder submitting the election nomination has provided due proof of his/her eligibility and has duly registered for the General Meeting.

Shareholders' right to ask questions pursuant to Article 2 § 1 (2) sent. 1 no. 3 and sent. 2 COVID-19 Act

Shareholders duly registered for the General Meeting or their proxies are granted a right to ask questions via electronic communication in accordance with Article 2 § 1 (2) sent. 1 no. 3 and sent. 2 COVID-19 Act. The Management Board has determined, with the consent of the Supervisory Board, that questions must be submitted no later than one day before the General Meeting, i.e. by **Sunday, 10 April 2022, 24:00 CEST**, by electronic means of communication. In accordance with Article 2 § 1 (2) sent. 2 sub-clause 1 COVID-19 Act, the Management Board decides in its due and free discretion in which manner it answers questions. Furthermore, the Management Board reserves the right to publish answers to questions in advance on the Company's website at www.ceconomy.de/general-meeting and in this case to refrain from answering them again during the virtual General Meeting.

In the context of answering questions, the Management Board reserves the right to state the names of the questioners, provided that the questioner has given his/her consent to being named.

Shareholders duly registered for the General Meeting or their proxies can submit their questions electronically via the InvestorPortal, accessible via the Company's website at:

www.ceconomy.de/general-meeting

Questions may be submitted via the InvestorPortal from **Tuesday, 22 March 2022** to **Sunday, 10 April 2022, 24:00 CEST**. Shareholders or their proxies can find the necessary access data for the InvestorPortal in the confirmation of registration, which will be sent to them after timely registration and provision of proper proof of share ownership.

Voluntary possibility for follow-up questions during the virtual General Meeting

In addition to the above-described submission of questions to fulfill the statutory shareholders' right to ask questions pursuant to Article 2 § 1 (2) sent. 1 no. 3 and sent. 2 COVID-19 Act, the Company is providing on a voluntary basis an additional possibility to submit follow-up questions under the following prerequisites during the virtual General Meeting: Shareholders respectively their proxies who satisfy the prerequisites for participation in the virtual General Meeting and have submitted questions in due time prior to the General Meeting have the possibility to submit during the virtual General Meeting a maximum of one follow-up question on each of the answers given by the administration to each of their questions submitted in due time. The subject matter of corresponding follow-up questions must relate to the originally submitted questions and can be transmitted to the Company during the General Meeting exclusively via the InvestorPortal, accessible via the Company's website at:

www.ceconomy.de/general-meeting

Follow-up questions submitted in any other manner will not be considered. The beginning and end of the time period in which this possibility for follow-up questions during the General Meeting is activated in the InvestorPortal is determined by the chairman of the General Meeting. There is no legal claim to an answer for such follow-up questions submitted during the General Meeting. The Management Board will decide in its dutiful, free discretion whether and how it answers such follow-up questions transmitted during the General Meeting. In particular, it may appropriately limit the number of follow-up questions to be answered in the interest of a reasonable time frame for the General Meeting, combine follow-up questions and their answers and make an appropriate selection from among the transmitted follow-up questions for the response in the interest of other shareholders. The chairman of the General Meeting may reasonably limit the time allowed for answering the follow-up questions as a whole or for individual follow-up questions.

This voluntarily established additional possibility for follow-up questions during the General Meeting does not establish any right to submit questions or request information. This possibility especially does not involve any right to information under § 131 (1) German Stock Corporation Act. This possibility is expressly also not part of the right to submit questions established under Article 2 § 1 (2) sent. 1 no. 3 and sent. 2 COVID-19 Act which only exists for questions which are received by the Company within the above-mentioned time period prior to the General Meeting.

Submitting video messages via the InvestorPortal

Where a General Meeting is held as a virtual meeting without the physical presence of shareholders or their proxies, they do not have the opportunity to comment on the agenda at the General Meeting. The Management Board has

therefore decided, with the approval of the Supervisory Board, to give shareholders or their proxies the opportunity – going beyond the requirements of the COVID 19 Act – to comment on the agenda by means of video messages.

Shareholders duly registered for the General Meeting or their proxies can submit their video messages electronically, stating their name, via the InvestorPortal, accessible via the Company’s website at:

www.ceconomy.de/general-meeting

Video messages may be submitted via the InvestorPortal from **Tuesday, 22 March 2022 to Tuesday, 5 April 2022, 24:00 CEST**. The duration of such video message should not exceed three minutes. Furthermore, only such video messages are permitted in which the shareholder or his/her proxy appears in person.

Shareholders or their proxies can find the necessary access data for the InvestorPortal in the confirmation of registration, which will be sent to them after timely registration and provision of proper proof of share ownership.

It is generally intended to publish the submitted video messages, disclosing the name of the submitting shareholder or proxy, on the InvestorPortal, accessible via the Company’s website, prior to the General Meeting. The Company also reserves the right to show submitted video messages during the General Meeting. Further, it is pointed out that there is no legal claim to the publication of a video message. The Company reserves the right, in particular, not to publish video messages with insulting, discriminatory, criminally relevant or obviously false or misleading content, as well as those without any reference to the agenda or in a language other than German. This also applies to video messages longer than three minutes or those that do not meet the technical requirements, as well as those video messages that have not been submitted by the aforementioned deadline. Only one video message will be published per shareholder or proxy.

The video messages are intended to give shareholders or their proxies an opportunity to comment. In contrast, with regard to questions as well as counter-motions and election proposals, the procedure described above applies. It should be noted that questions, counter-motions or election proposals contained in a video message but not submitted as described above will be disregarded.

Objection to resolutions of the virtual General Meeting pursuant to Article 2 § 1 (2) sent. 1 no. 4 COVID-19 Act

Holders of ordinary shares who have exercised their voting rights (in person or by proxy) can declare only by means of electronic communication via the InvestorPortal, accessible via the Company’s website at

www.ceconomy.de/general-meeting,

an objection to resolutions of the General Meeting pursuant to § 245 no. 1 German Stock Corporation Act in conjunction with Article 2 § 1 (2) sent. 1 no. 4 COVID-19 Act. Objections may be raised on **Tuesday, 12 April 2022** from the beginning of the General Meeting until its close by the chairman of the Meeting.

Further Explanations

Additional explanations with respect to shareholder rights pursuant to §§ 122 (2), 126 (1), 127 German Stock Corporation Act and Article 2 § 1 (2) COVID-19 Act can be found on the Company’s website at:

www.ceconomy.de/general-meeting

REFERENCE TO THE COMPANY’S WEBSITE

The information pursuant to § 124a German Stock Corporation Act with respect to the Extraordinary General Meeting can be found on the Company’s website at:

www.ceconomy.de/general-meeting

VOTING RESULTS

The voting results determined by the chairman of the General Meeting will be published within the period required by law on the Company's website at:

www.ceconomy.de/general-meeting

Düsseldorf, in February 2022

CECONOMY AG

THE MANAGEMENT BOARD

INFORMATION REGARDING DATA PROTECTION

With this Information regarding Data Protection, CECONOMY AG, Kaistraße 3, 40221 Düsseldorf, Germany, as controller pursuant to Article 4 No. 7 Regulation (EU) 2016/679 (General Data Protection Regulation – “GDPR”) provides information regarding the processing of personal data of the shareholders and their proxies as well as their rights in this respect under the GDPR, the German Federal Data Protection Act (*Bundesdatenschutzgesetz*), the German Stock Corporation Act (*Aktiengesetz*) and the COVID-19 Act in connection with the preparation, holding and follow-up of the General Meeting of CECONOMY AG as a virtual general meeting without the physical presence of the shareholders and proxies. CECONOMY AG processes personal data of the shareholders (e.g. last name and first name, address, e-mail address, telephone number, number of shares, type of shares, type of share possession and number of confirmation of registration) as well as personal data of the proxies, if applicable. The virtual General Meeting of CECONOMY AG is broadcast on the Internet via the InvestorPortal for all duly registered shareholders of the Company or their proxies. Shareholders are able to exercise their shareholder rights via the InvestorPortal. For this, further personal data such as IP addresses are processed.

The processing of personal data is legally mandatory for the holding of the virtual General Meeting and the participation in the virtual General Meeting of CECONOMY AG, the exercise of the rights of the shareholders before and during the General Meeting and the fulfilment of the legal requirements associated with the (virtual) General Meeting. The legal basis for the processing is Article 6 (1) sent. 1 point c) GDPR in conjunction with §§ 118 et seqq. German Stock Corporation Act and the COVID-19 Act, in particular Article 2 § 1 (2) COVID-19 Act. In addition, CECONOMY AG processes personal data to protect its legitimate interests, such as the holding and orderly conduct of the virtual General Meeting, the processing of questions submitted and/or objections to resolutions of the General Meeting lodged in the virtual General Meeting. Within the scope of the right to ask questions, CECONOMY AG will disclose the name of the shareholder and/or his/her proxy, provided that they have consented to the disclosure of their names in accordance with Article 6 (1) point a) GDPR. In addition, CECONOMY AG processes image and video material of the shareholder and/or his/her proxy if use has been made of the opportunity to comment on the agenda by means of a video message and consent has been granted in accordance with Article 6 (1) point a) GDPR.

CECONOMY AG uses external service providers within the EU (such as AGM service providers, IT service providers, banks, notaries public or lawyers etc.) for parts of the preparation and conduct of the General Meeting. Where the service providers commissioned by CECONOMY AG for the purpose of conducting the General Meeting act as processors, they process the personal data of the shareholders exclusively according to the instructions of CECONOMY AG and only to the extent this is necessary for the performance of the commissioned service. All employees of CECONOMY AG who require access to personal data in order to fulfil their tasks and the employees of the commissioned service providers who have access to and/or process the shareholders’ personal data are obliged to treat such data confidentially. In addition, personal data of shareholders or proxies participating the General Meeting can be viewed by other shareholders and proxies within the framework of the applicable statutory provisions.

CECONOMY AG processes the personal data for the duration of the (virtual) General Meeting and related (subsequent) activities and deletes the personal data of shareholders in accordance with applicable statutory regulations, in particular if the personal data is no longer necessary for the original purposes of collection or processing, the data is no longer required in connection with any administrative or court proceedings and there are no statutory retention and documentation obligations.

Subject to the applicable statutory requirements, shareholders have the right to obtain information about their processed personal data (Article 15 GDPR) and to request the rectification (Article 16 GDPR) or erasure (Article 17 GDPR) of their personal data or the restriction of their processing (Article 18 GDPR). Shareholders have the right to receive the personal data they have provided to CECONOMY AG in a structured, commonly used and machine-readable format (Article 20 GDPR). In addition, shareholders have the right to revoke the consent they have granted in accordance with Article 7 (3) GDPR with effect for the future.

Shareholders may object to the processing of their personal data pursuant to Article 21 GDPR if it is processed on the basis of legitimate interests. CECONOMY AG shall no longer process the personal data concerned in the event of the objection, unless compelling legitimate grounds for the processing can be demonstrated which override the interests, rights and freedoms, or if the processing serves the purpose of asserting, exercising or defending legal claims.

Shareholders and proxies may reach the data protection officer of CECONOMY AG at

CECONOMY AG
Data protection officer
Kaistraße 3
40221 Düsseldorf
E-mail: datenschutz@ceconomy.de

Shareholders also have a right to lodge a complaint with the supervisory authorities (Article 77 GDPR).

The competent supervisory authority for CECONOMY AG is:

Landesbeauftragter für Datenschutz und Informationsfreiheit Nordrhein-Westfalen (State Commissioner for Data Protection and Freedom of Information North Rhine-Westphalia)
Postfach 20 04 44,
40102 Düsseldorf,
Phone: 0211/38424-0,
Fax: 0211/38424-10,
E-mail: poststelle@ldi.nrw.de

TECHNICAL INSTRUCTIONS REGARDING THE VIRTUAL GENERAL MEETING

Technical instructions for using the InvestorPortal can be found on the Company's website at:

www.ceconomy.de/general-meeting

HOTLINE FOR THE EXTRAORDINARY GENERAL MEETING OF CECONOMY AG

If you have any technical questions about the InvestorPortal or about connecting to the virtual General Meeting, the employees of our AGM service provider will be happy to assist you before and during the General Meeting at the following telephone number:

Phone: +49 (0)89 30903-6330

The hotline for technical questions will be available from Tuesday, 22 March 2022, on workdays from Monday to Friday, in each case from 9:00 a.m. to 5:00 p.m. CE(S)T, and on the day of the General Meeting, Tuesday, 12 April 2022, from 9:00 a.m. CEST.

If you have technical questions before the start of the virtual General Meeting, you can also contact our AGM service provider by e-mail at:

investorportal@computershare.de

For general questions regarding the virtual General Meeting, the hotline for the Extraordinary General Meeting of CECONOMY AG will be available from Tuesday, 15 March 2022, at

Phone: +49 (0)800 -0008471

on workdays from Monday to Friday between 10:00 a.m. and 4:00 p.m. CE(S)T.



PUBLISHER

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