CECONOMY AG

Expert opinion on the business values of CECONOMY AG, Düsseldorf, and Media-Saturn-Holding GmbH, Ingolstadt, as well as the appropriateness of the exchange ratio as of the valuation date 17 February 2021

Hamburg / Düsseldorf

23 December 2020

Convenience translation*

Strictly confidential

** This document is a convenience translation of the "Gutachtliche Stellungnahme zum Unternehmenswert der CECONOMY AG, Düsseldorf, und der Media-Saturn-Holding GmbH, Ingolstadt, sowie zur Beurteilung der Angemessenheit des Austauschverhältnisses zum Bewertungsstichtag 17. Februar 2021" in German language which is the sole authoritative version. This translation cannot be called upon for any reason whatsoever.*

pwc

Dr. Christian Wulff
Partner
T: +49 (0) 40 6378 1312
M: +49 (0) 170 794 8079
christian.wulff@pwc.com

Frederic Werner
Partner
T: +49 (0) 211 981 5521
M: +49 (0) 151 125 32 590
frederic.werner@pwc.com

Ulrich Lorchheim
Senior Manager
T: +49 (0) 211 981 2134
M: +49 (0) 160 367 0296
ulrich.lorchheim@pwc.com

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft
Alsterufer 1
20354 Hamburg
T: +49 (0) 211 981 0
F: +49 (0) 211 981 1000

CECONOMY AG
Dr. Bernhard Düttmann –Chief Executive Officer
Ms. Karin Sonnenmoser – Chief Financial Officer
Kaistraße 3
40221 Düsseldorf

Matter: 0.0960916.001

23 December 2020

Dear Dr. Düttmann, dear Ms. Sonnenmoser,

We hereby send you our expert opinion on the business values of CECONOMY AG, Düsseldorf, and Media-Saturn-Holding GmbH, Ingolstadt, as well as on the appropriateness of the exchange ratio as of the valuation date 17 February 2021.

Please do not hesitate to contact us at any time for further explanations about this expert opinion.

Yours sincerely,

PricewaterhouseCoopers GmbH

Wirtschaftsprüfungsgesellschaft

Dr. Christian Wulff	Frederic Werner German Certified Public Accountant (Wirtschaftsprüfer)

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Due to technical reasons in the calculations, rounding differences in an amount of +/- one unit (€, %, etc.) can occur in the tables.

Nature and performance of the assignment

Nature and performance of the assignment (1/4)

- The management board of CECONOMY AG, Düsseldorf ("CECONOMY"), retained us initially verbally on 3 November 2020 and additionally in writing on 26 November 2020 to determine the business values of Media-Saturn-Holding GmbH, Ingolstadt ("MSH"), and CECONOMY as well as the resulting exchange ratio in the context of the capital increase in kind in connection with the issuance of convertible bonds with exclusion of subscription rights (“capital increase") and to confirm in this regard also that the lowest issue price has been achieved. The valuation date is the date of the regular general shareholders' meeting of CECONOMY on 17 February 2021 that will vote on the resolutions about the capital increase.
- In the course of the capital increase, Convergenta Invest GmbH, Bad Wiessee ("Convergenta Invest"), is supposed to contribute to CECONOMY the shares held by Convergenta Invest in MSH constituting a total of 21.62% of the share capital in exchange for
  - 125.8 million CECONOMY ordinary shares,
  - issuance of convertible bonds with a conversion right for 27.9 million CECONOMY ordinary shares,
  - cash payment in two tranches of a total amount of EUR 130.0 million (together, the “transaction").
- CECONOMY, for its part, holds through its 100% subsidiary CECONOMY Retail GmbH, Düsseldorf ("CECONOMY Retail"), 78.38% of the shares in the share capital of MSH. At the present time, a little over 40% of the CECONOMY shares are held in free float.
- Our expert opinion serves exclusively as a basis of informing the management board and the supervisory board of CECONOMY for the purpose of their reporting duties to the general shareholders' meeting of der CECONOMY that will vote about the resolution on the capital increases and the exclusion of subscription rights.
- We performed our work in November and December 2020 in our offices in Düsseldorf and Hamburg.
- With regard to all subjects of the valuation, we had primarily the following documents:
  - signed Memorandum of Understanding (MoU) dated 20 November 2020 ("MoU"),
  - notarial deed dated December 14 2020 containing the Agreement in Principle between CECONOMY and Convergenta Invest ("Agreement in Principle"), the Share Acquisition Agreement, the Contribution Agreement and the Transfer Agreement as well as the Issuance Agreement
  - annual reports of CECONOMY for the financial years 2017/18, 2018/19 and 2019/20,
  - fiscal year (FY) 2019/20 Results + CECONOMY Strategy Update, December 15 2020."
- With regard to the valuation of MSH and CECONOMY, we had primarily the following documents:
  - audit reports on the certified consolidated financial statements of MSH in accordance with IFRS for the financial years 2017/18, 2018/19, and 2019/20,
  - unaudited actual numbers of MSH (SAP excerpt) for the quarters 1 to 4 2018/19 and the quarters 1 to 3 2019/20 as well as for the financial year 2019/20,

Nature and performance of the assignment (2/4)

- excerpts from the internal financial reports of CECONOMY for the quarters 1 to 3 2019/20 and the financial year 2019/20 as well as the monthly reports of the sub-group MSH,
- Current business plan of MSH according to IFRS for the years 2020/21 to 2022/23, aggregated for the MSH Group and at the level of countries,
- records on the store-portfolio of MSH as of the end of September 2020,
- information on management initiatives of CECONOMY to increase the quality and accuracy of the planning,
- information from the management on the relevant market and the competitive environment of MSH,
- Information from the management on the operating model of MSH and the related, planned restructuring measures,
- planned tax savings, taking into account tax loss carryforwards and holding costs of CECONOMY for the period 2020/21 to 2031/32 (version 6) as of 3 December 2020,
- other records relevant for the valuation, incl. information on the legal and tax circumstances of MSH,
- audit reports on the certified individual financial statements for CECONOMY under the German Commercial Code [*Handelsgesetzbuch*, "HGB"] for the financial years 2017/18, 2018/19, and 2019/2020,
- audit reports for the certified consolidated annual financial statements of CECONOMY according to IFRS for the financial years 2017/18, 2018/19, and 2019/20,
- quarterly reports as well as CECONOMY figures under HGB and IFRS for the financial year 2019/20,
- individual financial statements of the subsidiaries and companies in which CECONOMY holds participations in accordance with HGB and IFRS for 2019/20,
- information on the holding activities and the related costs for CECONOMY and CECONOMY Retail,
- excerpts from the current lists of shareholdings for listed participations by CECONOMY,
- pension reports as of 30 September 2020 for CECONOMY and CECONOMY Retail,
- current business plan of CECONOMY under IFRS for the years 2020/21 to 2022/23,
- other records relevant for the valuation, incl. information on the legal and tax circumstances of CECONOMY.

Nature and performance of the assignment (3/4)

- The management board of CECONOMY and the persons designated by them for the purpose of providing information gave us additional information. The management board assured us in writing that the explanations and information which are of relevance for the preparation of the expert opinion were issued completely and correctly.
- Our examination included especially an examination of the planning documents with regard to their reasonability. We did not conduct our own audit activities within the meaning of §§ 316 et seq. HGB. Such activities were not part of our engagement.
- For the purpose of the present valuation and as agreed, we complied with the standards for conducting enterprise valuations ("IDW S1") established in Standard S1 of the Institute of German Accountants in the version of 2008. As set forth in IDW S1, we determined first the objectified values of MSH and CECONOMY as of 17 February 2021 on the basis of the Discounted Cash Flow ("DCF") method. In addition, we have taken into account transaction-related synergies and, on this basis, determined the values of the two companies from the perspective of CECONOMY as of February 17, 2021. Upon setting equal assumptions, the DCF method and the discounted earnings method, which can be applied in the alternative, arrive at the same result.
- Since the valuation date is in the future, we based our work on the currently available information concerning individual parameters which are relevant for the valuation. In addition to the referenced business plans, this also involves the cost of capital (discount rate) which we determined as of 21 December 2020.
- To the extent possible, Management has tried to identify the potential effects of the COVID-19 pandemic on the business activities (including financial forecasts and values in the accounts); these are explained in this Report. It must be considered in this regard that the deviations between the planned and the actual results can be substantially greater than in the past. With our expert opinion, we assume no responsibility for achieving the forecast results.
- We would like to point out that our overall statement in this expert opinion is not changed by the newly imposed lockdown with corresponding closures of the MSH stores. In order to assess the appropriateness of the exchange ratio based on the relative enterprise values of MSH and CECONOMY, it is ultimately of secondary importance whether management's assessment of future developments in light of the COVID-19 pandemic deviates to a greater or lesser extent from actual developments as observed in hindsight.

Nature and performance of the assignment (4/4)

- As these deviations are reflected in both the valuation of MSH and the valuation of CECONOMY for the purpose of determining the exchange ratio, they do not change the overall statement on the appropriateness of the exchange ratio. This statement ultimately depends on the relative valuation of the two companies involved in the transaction and not on the absolute accuracy with regard to the underlying planning. This is all the more true at a time of above-average uncertainty as a result of the global COVID-19 pandemic. Irrespective of this, according to our analyses it does not seem implausible to assume that MSH and with it CECONOMY will master the crisis well and emerge from the crisis more successfully than some of its competitors.
- Our expert opinion is intended solely for internal use by the client and for inclusion in the report of the Management Board of CECONOMY on the exclusion of subscription rights. The internal use includes the publication on the homepage of CECONOMY together with the other documents for the resolution of the Annual General Meeting of CECONOMY on February 17, 2021.
- Subject to the above provision, our report is not intended for publication, reproduction or use for any purpose other than the purpose set forth herein. This Report accordingly cannot be completely or partially published or referenced in any document accessible to the public, in the internet or in any other media directed towards the public. Use in the context of court proceedings is not affected by this.
- Our work result cannot be disclosed to third parties except for the above purposes without our prior written consent. Consent will not be unreasonably withheld.
- We expressly point out that PwC does not assume any management responsibilities. All decisions in connection with the transaction are made solely by the involved parties.
- The attached standard terms and conditions of the engagement in the version dated 1 January 2017 govern the performance of the mandate and our responsibility, also in relationship to third parties.

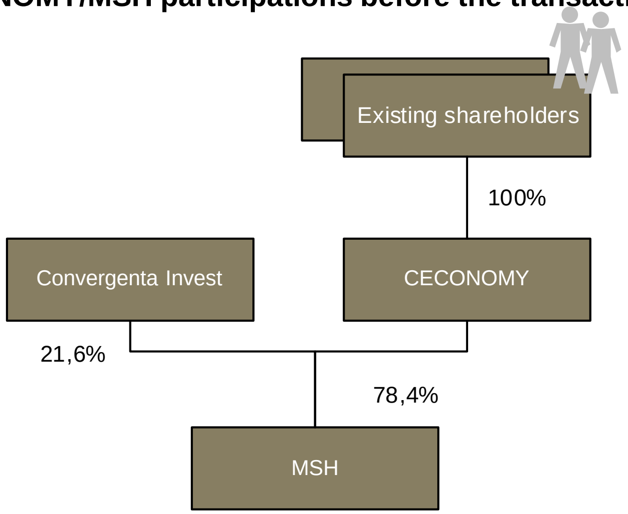
Description and objective of the transaction

Description and objective of the transaction (1/2)

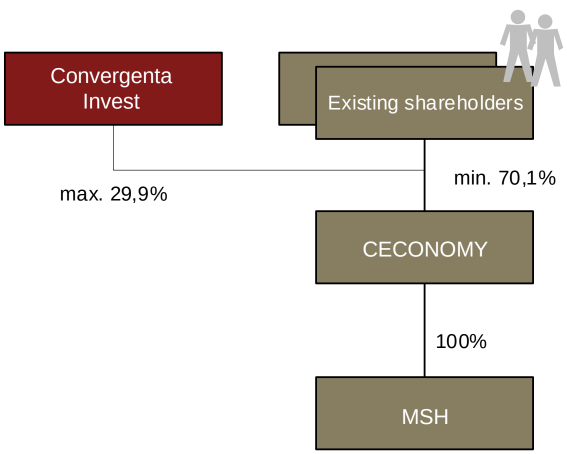
- CECONOMY, whose shares are currently held a little more than 40% in free float, has a participation through CECONOMY Retail of 78.38% in the share capital of MSH. CECONOMY and Convergenta Invest (as well as the investment companies of the Kellerhals family behind Convergenta Invest) intend for Convergenta Invest to transfer the 21.62% participation in MSH held by Convergenta Invest to CECONOMY. The participations prior to the transaction can be seen in the (simplified) overview on the right.
- The planned transfer of shares from Convergenta Invest to CECONOMY is supposed to take place in exchange for
  - I. 125.8 million CECONOMY ordinary shares,
  - II. issuance of convertible bonds with a conversion right for 27.9 million CECONOMY ordinary shares,
  - III. cash payment in two tranches of a total amount of EUR 130.0 million,

  in each case in accordance with the details in the provisions in the MoU agreed between the parties and the corresponding agreement in principle which was concluded on 14 December 2020.
- After completion of the transaction, CECONOMY will be the sole owner of MSH. Convergenta Invest is supposed to have a participation after the closing of the transaction and before exercising conversion rights of 25.93% in the share capital of CECONOMY and mathematically derived of up to 29.95% in the share capital after exercise of the conversion rights (the Convergenta Invest target participation according to MoU or agreement in principle is 29.9% of the ordinary shares of CECONOMY) (see the simplified overview on the bottom right).

- **CECONOMY/MSH participations before the transaction**



- **CECONOMY/MSH participations after the transaction**



Description and objective of the transaction (2/2)

- In connection with the intended transaction, the management board of CECONOMY must submit a report to the general shareholders meeting voting on the resolution in light of the intended exclusion of the subscription right with regard to the capital increase and especially also address the appropriateness of the issue price for the CECONOMY shares granted to Convergenta Invest and, thus, the appropriateness of the exchange ratio (§§ 186 para. 4 AktG, 255 para. 2 AktG).
- The present valuations of MSH and CECONOMY serve to proof the appropriateness of the issue price and, thus, the exchange ratio between the MSH shares to be contributed and the CECONOMY shares to be issued in exchange as well as a confirmation of having achieved the lowest issue price in the context of the capital increase. The appropriateness must be evaluated from the perspective of the shareholders of CECONOMY existing on the day of the general shareholders meeting voting on the capital increase.
- The capital increase in exchange for contributions in kind depend on the relationship between contribution and consideration, i.e. the value of the contribution in kind to be made by the party making the contribution in kind compared to the value of the shares issued by the company in exchange (exchange ratio).
- The exchange ratio and, thus, the issue price is reasonable from the perspective of CECONOMY and its shareholders if the party making the contribution is granted shares under the capital increase that have a maximum value of the contribution in kind.
- When valuing the contribution in kind, synergy effects and effects from the combination resulting under the transaction must be taken into account which lead to an increase in value for the shares and, thus, benefit the shareholders. In the present case, CECONOMY expects, in addition to operational synergies, especially tax synergies. As a result of the transfer of the 21.62% share of Convergenta Invest in MSH to CECONOMY, it is for instance possible in the future to conclude a profit and loss transfer agreement with the establishment of a fiscal unity between CECONOMY Retail and MSH and/or to implement alternative tax consolidation measures. The ongoing losses and the existing loss carry forwards at the level of CECONOMY can accordingly be used for tax purposes.
- In addition, further synergies are expected in terms of streamlining processes and decision paths, which cannot be quantified at this stage and have therefore not been included in the valuation.

Summary of results

Summary of results (1/3)

- During the course of the capital increase with exclusion of subscription rights at CECONOMY, the issue price, from the prospective of today‘s shareholders (hereinafter, also the „existing shareholders") cannot be unreasonably low. In light of the background of the provisions on raising capital, there must also be assurance that the value of the contributions in kind do not fall short of the par value of the shares.
- In the case of capital increases in exchange for contributions in kind, the exchange ratio is determinative, i.e. the relationship between contribution and consideration, i.e. the value of the contribution to be rendered in kind by the party making the contribution in kind compared to the value of the shares which the company issues in exchange.
- The synergies resulting under the transaction and other benefits from the association which lead to an increase in value of the stock and benefits the existing shareholders when the capital increase in kind is implemented must be taken into account when evaluating the appropriateness of the exchange ratio in the context of capital increases in exchange for contributions in kind.
- The presently intended exchange ratio is the result of negotiations between CECONOMY and Convergenta Invest about the acquisition of the MSH shares by CECONOMY and the main conditions for the acquisition. CECONOMY and Convergenta Invest concluded a agreement in principle for this purpose on 14 December 2020.
- CECONOMY provided information on 14 December 2020 in an *ad hoc* notification about the agreement in principle with Convergenta Invest concerning the transaction.
- During the course of negotiations between CECONOMY and Convergenta Invest, agreement was also reached about the exchange ratio, whereby the starting point for this was an analysis on the basis of the market capitalization of CECONOMY as well as its participations in listed companies.
- The agreement between CECONOMY and Convergenta Invest provides that the transfer of shares is supposed to take place in exchange for
  - I. 125.8 million CECONOMY ordinary shares,
  - II. issuance of convertible bonds with a conversion right for 27.9 million CECONOMY ordinary shares
  - III. cash payment in two tranches of a total amount of EUR 130.0 million.
- After conversion of the convertible bonds and based on the results of the negotiations between CECONOMY and Convergenta Invest, mathematically derived up to 29.95% of the share capital of CECONOMY relates to the capital increase, while 70.05% of the share capital is held by the existing shareholders.

Summary of results (2/3)

- In order to evaluate the appropriateness of the issue price and the exchange ratio, we have compared the values of MSH and CECONOMY determined by us to the number of shares before and after the transaction.

❶ As the starting point for the evaluation, we calculated the value of the equity per share in CECONOMY determined using the DCF method which is attributable to the existing shareholders prior to the transaction. The value of the equity attributable to the shareholders of CECONOMY as of 17 February 2021 is EUR 2,558.6 million. The number of shares before the transaction corresponds to the sum of ordinary shares (356.7 million shares) and preferred shares (2.7 million shares). The result is a DCF value for each CECONOMY share of EUR 7.12 before the transaction.

❷ In order to be able to evaluate the appropriateness of the exchange ratio, we determined the value of CECONOMY after the transaction. We added for this purpose the value of the MSH minority share as well as the present value of the minimum synergies (tax synergies and holding costs savings) under the transaction to the DCF value of CECONOMY and deducted the agreed cash component. This value for each CECONOMY share of EUR 7.37 is higher than the DCF value per share prior to the transaction.

❸ Based on the values for MSH and CECONOMY determined using the DCF method, a portion of 32.4% in the share capital of CECONOMY would result for the investor, while 67.6% of the share capital would remain with the existing shareholders. Since the agreed exchange ratio is lower, the requirement of reasonableness is satisfied. A value inflow of EUR 1,092.5 million would accordingly be sufficient so that no dilution of the existing shareholders results on the basis of the agreed exchange ratio.

CECONOMY DCF value per share before transaction

in EUR million	
Equity value of CECONOMY	2,558.6
Number of shares before transaction	359.4
❶ **CECONOMY value per share (in EUR)**	**7.12**

CECONOMY DCF value per share after transaction

in EUR million	
Equity value of CECONOMY	2,558.6
Value of MSH minority share incl. minimum synergies	1,354.4
Cash component	(130.0)
Equity value of CECONOMY after transaction	**3,783.0**
Number of shares after transaction (fully diluted)	513.1
❷ **CECONOMY value per share (in EUR)**	**7.37**

Exchange ratio after transaction

in EUR million		
Value inflow	1,224.4	32.4%
Equity value of CECONOMY before transaction	2,558.6	67.6%
❸ **Value of CECONOMY after transaction**	**3,783.0**	**100.0%**
For information purposes: Required minimum value MSH after cash component	*1,092.5*	

Summary of Results (3/3)

- We wish to point out that the newly imposed lockdown with the corresponding closure of MSH stores does not change our overall statement in this expert opinion. In order to evaluate the appropriateness of the exchange ratio on the basis of the relative business values of MSH and CECONOMY, it is finally of secondary importance whether the management more or less strongly deviates in its assessment of the future development in light of the COVID-19 pandemic from the actual development as may be seen in the review in hindsight.
- Since these deviations are reflected both in the valuation of MSH as well as the valuation of CECONOMY for the purpose of determining the exchange ratio, nothing changes in regard to the overall conclusion concerning the appropriateness of the exchange ratio. This conclusion depends finally on the relative valuation of the two companies involved in the transaction and not the absolute accuracy with regard to the underlying planning. This especially applies in period of uncertainty that is greater than on average due to the worldwide COVID-19 pandemic. Aside from this, it does not appear to be unreasonable to assume, in light of our analyses, that MSH and, thus, CECONOMY will handle the crisis well and come out of the crisis more successfully than some of the competitors.

Basic principles and methodology to determine the value of a business

Basic principles and methodology to determine the value of a business (1/2)

- According to the standards set out in IDW S1 as amended in 2008, the value of a business is determined by the future benefits the business will generate on the basis of the key success factors inherent to the business at the time of valuation. The key success factors comprise such factors as products, market position, management, employees as well as the innovative capacity of the business. Provided that merely financial objectives are pursued, the value of a business is determined by the capacity of the business to generate financial surpluses for the shareholders through the combination of all factors which influence the earnings power.
- The value of a business may be determined by either the discounted earnings or the discounted cash flow method. Both methods are basically equivalent since they share the same theoretical basis (capitalisation of future benefits) and, when using the same financing assumptions, lead to identical results based on identical net income to the shareholders. In the present case, the discounted cash flow method was applied.
- Both methods first determine the present value of the financial surpluses generated by the assets essential for the business (so-called operating assets). Assets (including liabilities) that could be separated from the business and sold without impairing the pursuit of the business's objective are classified as so-called non-essential operating assets and valued separately.
- The value of a business generally equals the sum of the present values of financial surpluses that can be derived from the operating and the non-essential operating assets.
- Whereas, in the framework of discounted earnings valuations, the identified financial surpluses are attributed directly to the shareholders, the discounted cash flow method in the typical form of the entity approach customarily involves a two-step process. In step one, the fair market value of the enterprise is determined by aggregating the present values of all anticipated future financial surpluses accruing to both shareholders and creditors (free cash flows). Then, in the second step, in order to determine the market value of equity, the fair market value of liabilities is subtracted from the previously determined fair market value of the enterprise.
- The forecast of future financial surpluses is the key issue in any business valuation. Past profitability generally serves as the starting point for any considerations regarding the assessment of planning plausibility. In the context of a valuation, only those financial surpluses should be considered that result from specific measures already initiated, or that originate from a sufficiently documented and substantiated business concept as at the valuation date. If the earnings outlook is expected to differ in the future due to business-related reasons or as a result of changed market and competitive conditions, the identifiable differences must be taken into account.
- In determining the value of a business, it is generally assumed that all available financial surpluses resulting from a documented business concept as at the valuation date will be distributed, subject to any applicable legal restrictions. Retained earnings as well as their use must be taken into account when determining the net cash flow to shareholders.

Basic principles and methodology to determine the value of a business (2/2)

- In order to value a business, the projected future financial surpluses need to be discounted to the valuation date using an appropriate interest rate (discount rate). The discount rate serves to measure the series of expected financial surpluses against an alternative investment.
- Due to the relevance of personal income taxes for valuation purposes, the tax circumstances related to the matter must be typified, in order to determine business values. In the case of business valuations in the context of divestures and other entrepreneurial initiatives, an indirect typification is appropriate. The assumption is made that the personal burden with income tax on the net cash flows from the business being valued corresponds to the personal income tax burden for an alternative investment in a stock portfolio. In accordance with this assumption, the net cash flows to the shareholders are not reduced for personal income taxes but are discounted as a return on shares which is also not adjusted for income tax but which is influenced by income taxes. The personal tax on the shareholder is, thus, indirectly taken into account on the basis of the tax situations of a large number of participants (shareholders) in the capital market.
- If it is beneficial to sell the operating and non-essential operating assets rather than continue the business operations, the valuation must be based on the liquidation value of the business unless this is not possible on account of legal or factual limitations. Since a rough approximation sufficed, in the present case, to support the assumption that the calculated objectified business value is higher than the respective liquidation value, the liquidation value was not determined.
- The net asset value resulting from an asset-based approach has no independent informative value as part of a business valuation.
- The principles and valuation procedures described above embody standards which are generally accepted in current business valuation theory and practice and are recognised in jurisprudence.

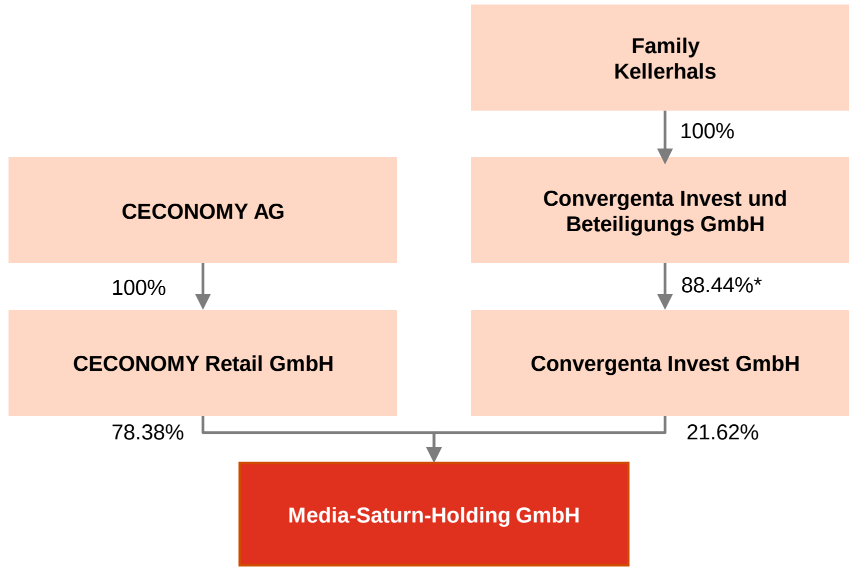
Company descriptions

Legal and tax situations

Legal and tax situation of Media-Saturn-Holding GmbH

Legal and tax situation of MSH

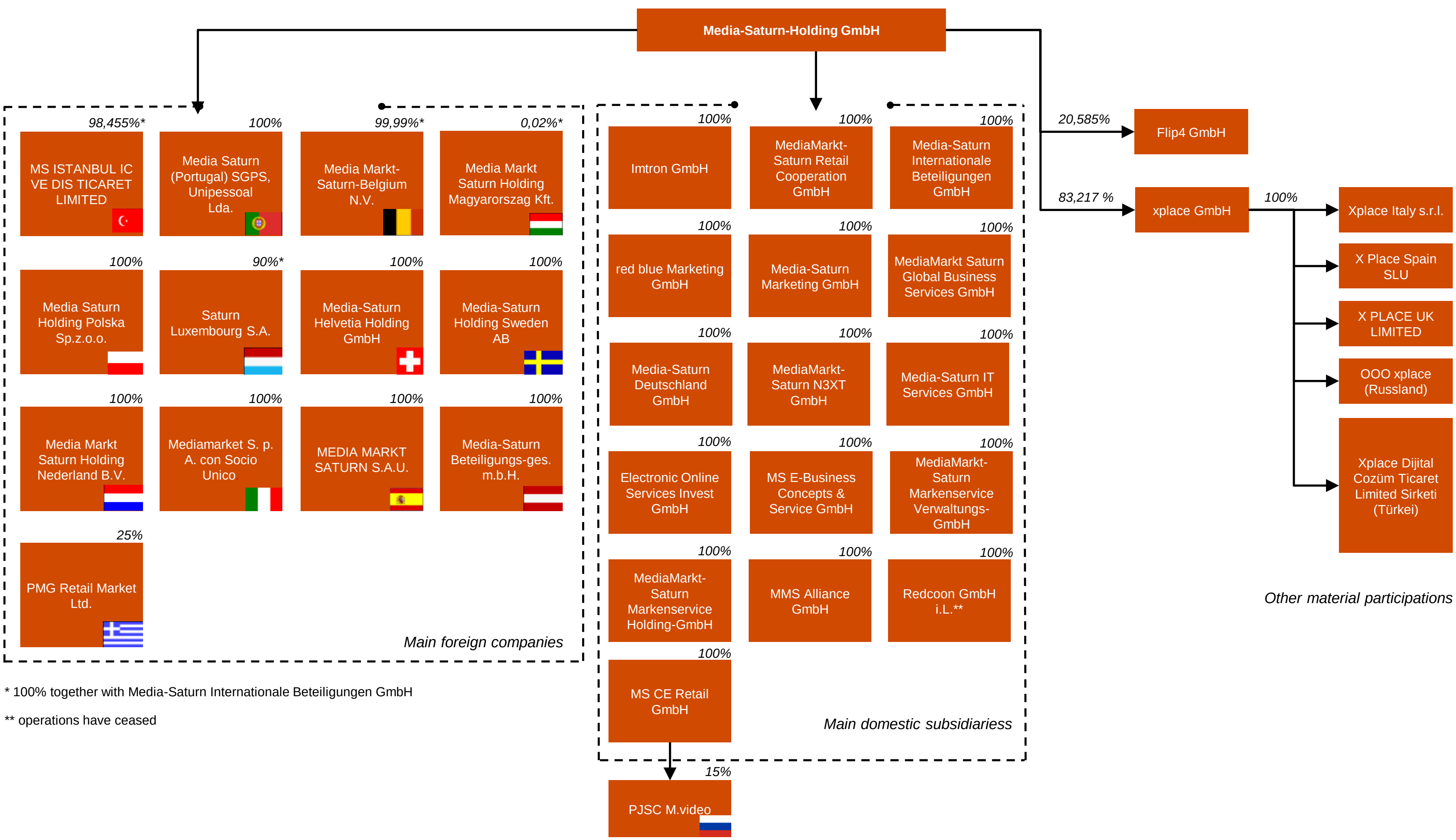
- MSH is an 78.38% subsidiary of CECONOMY which is indirectly held through CECONOMY Retail. The Kellerhals family (indirectly through holding companies) also holds 21.62% of the shares in MSH. The share capital of MSH as of 30 September 2020 was 70,000,000.00 DM (35,790,431.68 EUR).
- The financial year of MSH runs from 1 October until 30 September of the next year.
- MSH is included in the consolidated financial statements of CECONOMY. MSH prepares an annual (partial) set of consolidated financial statements in accordance with IFRS. As of 30 September 2020, the consolidation group of MSH included a total of 830 participations.
- During the financial year 2019/20, the MSH Group had an average of 57,663 employees. There are consolidated tax groups within the country companies in Austria, Spain, The Netherlands and Portugal. There is a tax consolidation at the level of the country holding companies only between the German country holding company and MSH. The dividends distributed to MSH by the other country companies are taxed in accordance with the respectively applicable provisions.
- The German companies in the MSH Group are subject to an average overall tax rate of approximately 30.5%, and the income tax rates on the foreign companies vary between 9.0% and 29.6%.
- MSH gave up its own business in Russia in 2018. In exchange, MSH acquired a 15% participation in a leading Russian consumer electronics retailer, PJSC M.video, Moscow/Russia ("M.video"). The majority owner, SAFMAR Group JSC, Moscow/ Russia ("Safmar") was the seller of the stake. In addition to the purchase price of approx. EUR 258.3 million, the entire Russian MSH business was transferred to Safmar.
- On 29 November 2019, the twelve independent MediaMarkt stores in Greece were contributed to a joint venture with Olympia Group Ltd., the operator of the Public markets in Greece and Cyprus. MSH holds 25% of the joint venture. The total of 67 markets continue to be operated under the respective brand names.
- As of the balance sheet date of 30 September 2020, according to information from the company, there are approx. EUR 1.067 million tax loss carry forwards in the MSH Group which can be used for corporation tax purposes and approx. EUR 347 million tax loss carry forwards which can be used for the purpose of trade tax.
- The participations and the group structure of MSH are shown in the following diagram as well as the organization chart on the next page:



* 11.56% of Convergenta Invest GmbH is held by JKV European Investments S.A., Luxembourg/Luxembourg

Source: MSH (partial) consolidated financial statements 2019/20, management information

Overview of MSH Group



* 100% together with Media-Saturn Internationale Beteiligungen GmbH

** operations have ceased

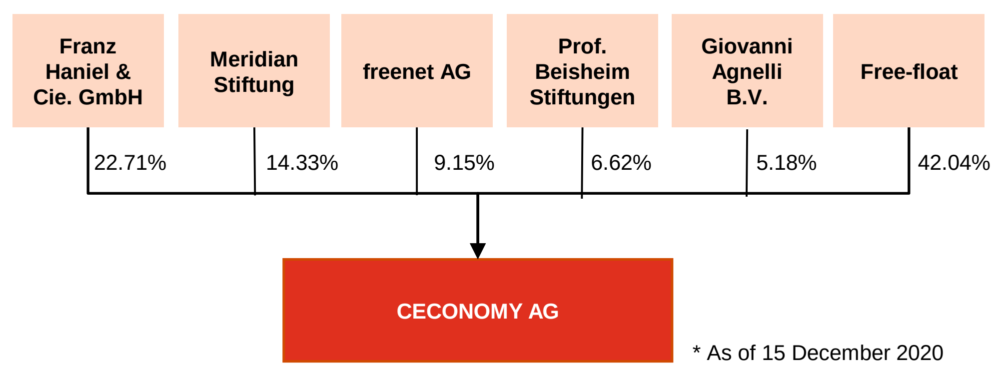
Source: management information

Legal and tax situation of CECONOMY AG

Legal and tax situation of CECONOMY

Overview of CECONOMY

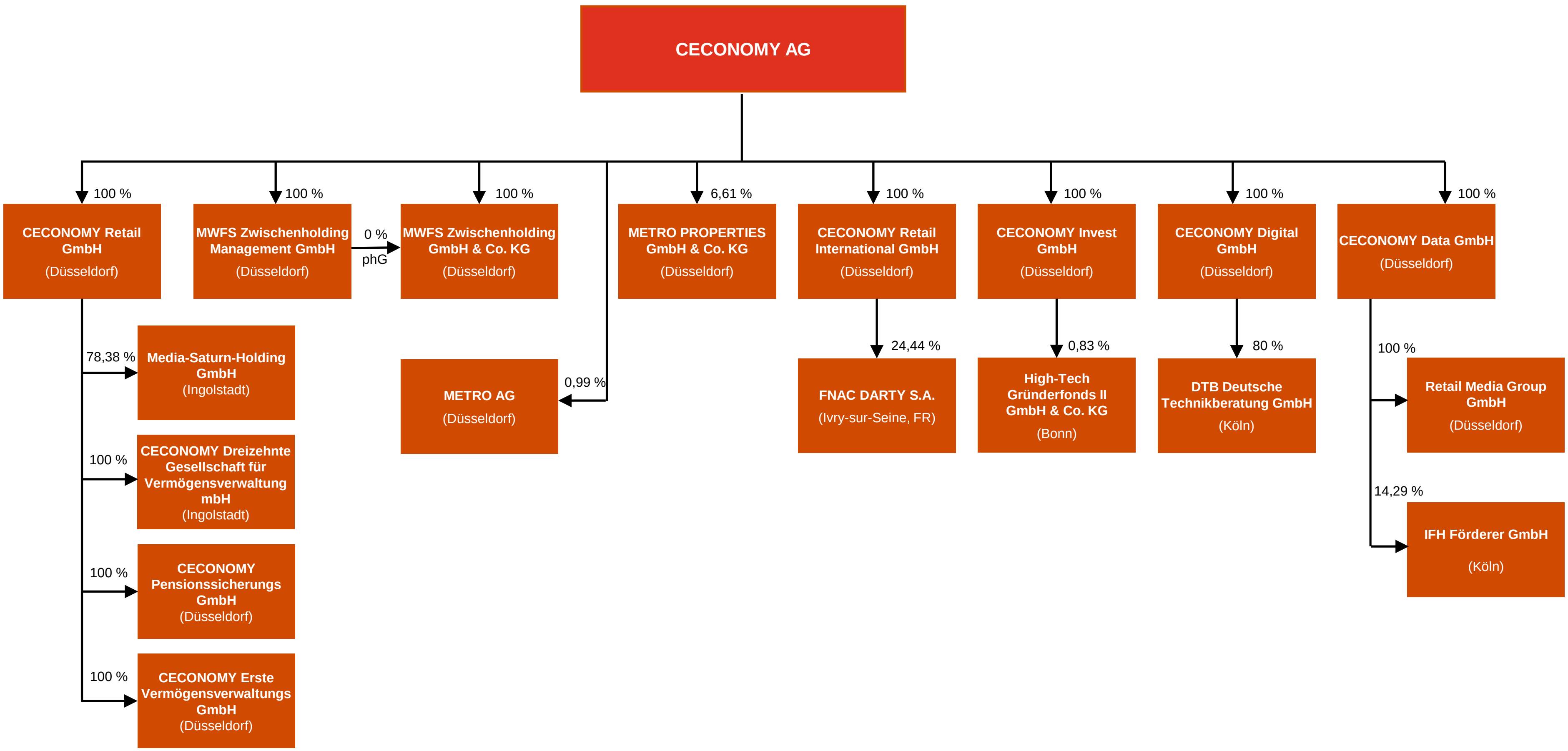
- CECONOMY has its registered office in Düsseldorf and is a listed retail company specializing in the field of consumer electronics which holds a 78.38% participation in MSH through CECONOMY Retail.
- In addition to the participation in MSH, CECONOMY holds additional participations in companies in Germany and foreign countries (e.g. a capital share of 24.44% in the French company Fnac Darty S.A.) The company currently still holds approximately 1% in METRO AG, as well as 6.61% in METRO PROPERTIES GmbH & Co. KG, Düsseldorf (“MPKG”).
- In 2017, the former METRO AG was split by separating the "Cash & Carry" (CC) and "Consumer Electronics" (CE) divisions. The CE division was continued in the old legal entity under the new name CECONOMY AG.
- Approximately a little over 40% of the shares in CECONOMY are held in free float. The largest single shareholder in the company is currently Franz Haniel & Cie. GmbH which holds a stake of approximately 23%.
- CECONOMY‘s financial year runs from 1 October until 30 September of the next year. A total of 842 subsidiaries are consolidated in the IFRS consolidated financial statements as of 30 September 2020.
- The CECONOMY Group had on average 57,739 employees during the financial year 2019/20.
- The share capital of CECONOMY as of 30 September 2020 is EUR 918,845,410.90. As of 30 September 2020, 356,743,118 ordinary shares and 2,677,966 preferred shares are outstanding.
- As of 30 September 2020, according to information provided by the company, CECONOMY has tax loss carryforwards of approximately EUR 2.4 billion (approximately half for corporation tax and half for trade tax). CECONOMY has already formed tax groups for income and sales tax purposes with certain subsidiaries. At the present time, there is no such relationship with the MSH Group. Distributed dividends are taxed in accordance with the relevant provisions.
- The German companies in the CECONOMY Group are subject to an average overall tax rate of approximately 30.5%. The income tax rates for foreign companies vary between 9.0% and 29.6%.
- The current shareholdings and corporate group structure of CECONOMY is shown in the following illustration as well as the organization chart on the next page (the participation ratios* shown below relate to the ordinary shares prior to the transaction):



* As of 15 December 2020

Source: Annual report for CECONOMY 2018/19, annual report 2019/20, management information, PwC-Analysis

Overview of CECONOMY-Group



Source: Management Informationen

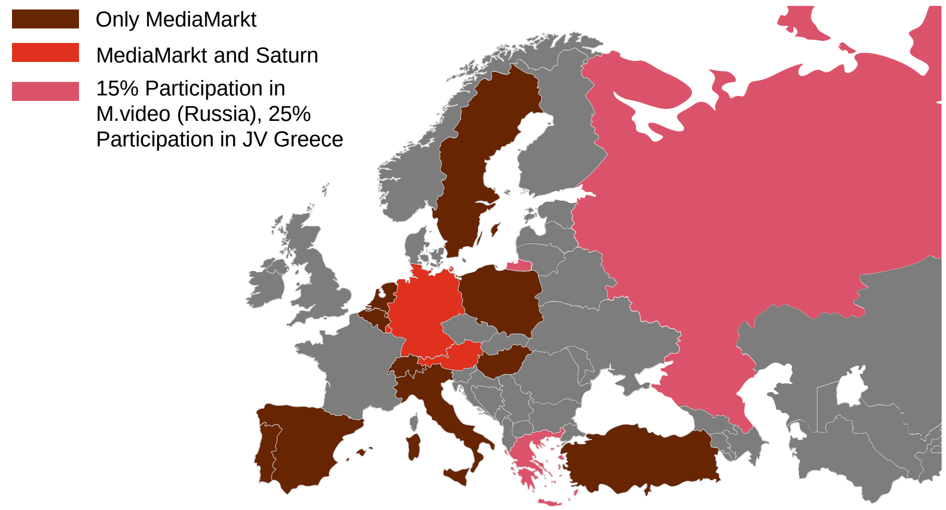
Economic basis

Description of the business model

Business model of MSH – Overview of MediaMarkt and Saturn(1/2)

Assortment

- The assortment of MediaMarkt and Saturn consists of items in the fields of entertainment electronics, new media, household appliances as well as telecommunications and photography.
- Both retailer groups operate online stores and, more recently, a marketplace. They have around 23 million club members.
- In addition to product brands, MediaMarkt and Saturn sell private labels such as ok., KOENIC, PEAQ and ISY.
- In addition to their product ranges, MediaMarkt and Saturn also offer complementary services (Services & Solutions).These services include installation and repair work on so-called "smartbars", warranty extensions, financing, and in future also cloud-related services



As of September 2020

Business model

- Both market groups build distribution channels in a omni-channel concept (stationary, online, mobile via app).
- Both MediaMarkt as well as Saturn have a comprehensive offering of products and services.
- Currently existing customer loyalty programs are supposed to be merged into a so-called "New Membership Club" and further improved with personalized digital content and use of a freemium model.

Store concept

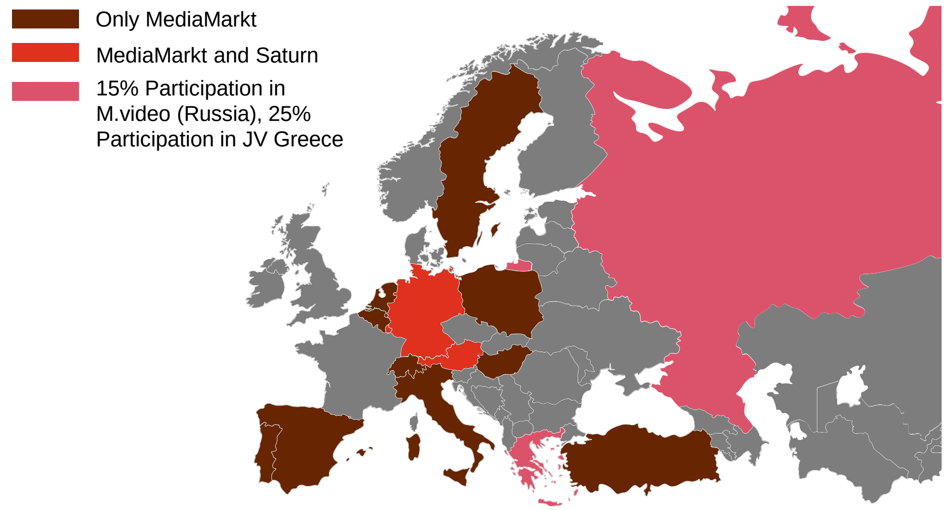
- The classic store concept of both providers is based on a comprehensive assortment of products. Saturn prefers locations in downtown areas, and the MediaMarkt stores tend to be located at the edge of the city.
- Some store managers are co-owners of the respective store companies with a stake of up to 10%. This participation model is set to continue becoming less important in the future.

Source: Annual report CECONOMY 2018/19, management information, PwC-Analysis

Business activity of MSH - Overview of MediaMarkt and Saturn (2/2)

Locations and countries

- MediaMarkt had more than 852 locations in 13 countries as of 30 September 2020. Saturn at this point in time had 171 locations in three countries. The stores in Austria and Luxembourg are transformed into MediaMarkt stores in fiscal year 2020/21 (rebranding), so that thereafter MediaMarkt and Saturn stores will be operated parallel exclusively in Germany.
- The Russia business was sold in the financial year 2017/18. During the course of this transaction, a 15% participation in the Russia electronic market chain M.video was acquired. M.video is the largest electronic retailer in Russia with around 300 stores.
- The twelve Greek stores were placed in a joint venture with Olympia Group Ltd. In the financial year 2019/20. In exchange, MSH received a 25% share. The joint venture operates 67 stores and three online shops in Greece and Cyprus.



As of September 2020

Source: Annual report CECONOMY 2018/19, management information, PwC-Analysis

As of September 30, 2020, MSH operated 535 stores in the DACH region, 294 stores in Western and Southern Europe, 166 stores in Eastern Europe, and 28 stores in Sweden

Store portfolio

- MSH reduced its network of stores by 30 stores from 1,053 to 1,023 stores between September 2017 and September 2020. There were 151 new openings in this period compared to removal or closure of 181 stores.

DACH

- In the DACH region, the portfolio of stores increased from 530 in 2017 to 535 in September 2020. The lead in this development was above all in Hungary with eight new openings (no closures). In Germany, the country with the largest network of stores, four more stores were closed than were opened.

Western/southern Europe

- The total number of stores in western and southern Europe decreased from 300 to 294 during the observed time period (eleven new openings, five closures, twelve stores removed in Greece when contributed to the joint venture with Olympia Group Ltd.)

Eastern Europe

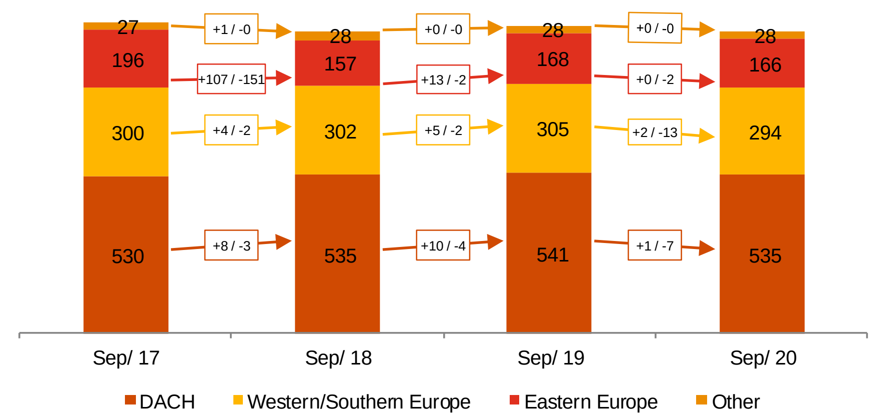
- The development of the portfolio in eastern Europe from 196 stores in 2017 to 166 stores in September 2020 is primarily the result of selling the business in Russia and the resulting removal of stores in 2018 (net of 57 store closures). The development in Poland is relatively constant, while there was strong expansion in Turkey above all in 2018 and 2019 (26 new openings and only one closure).

Other

- One store was opened in Sweden in 2018, so that the region "Other" had 28 locations at the end of September 2020.

Source: Geschäftsberichte CECONOMY, CECONOMY Trading Statement Q4 2019/20

Overview of the development of the store portfolio



	Sept. 2017	in 2018		Sept. 2018	in 2019		Sept. 2019	in 2020		Sept. 2020	Total	
	Stores	New op.	Clos.	Stores	New op.	Clos.	Stores	New op.	Clos.	Stores	New op.	Clos.
Germany	429	5	(2)	432	2	(3)	431	-	(6)	425	7	(11)
Austria	50	2	-	52	-	-	52	1	-	53	3	-
Switzerland	27	1	(1)	27	-	(1)	26	-	(1)	25	1	(3)
Hungary	24	-	-	24	8	-	32	-	-	32	8	-
DACH	**530**	**8**	**(3)**	**535**	**10**	**(4)**	**541**	**1**	**(7)**	**535**	**19**	**(14)**
Belgium	28	1	-	29	-	(2)	27	-	-	27	1	(2)
Greece	12	-	-	12	-	-	12	-	(12)	-	-	(12)
Italy	116	1	(2)	115	2	-	117	1	(1)	117	4	(3)
Luxembourg	2	-	-	2	-	-	2	-	-	2	-	-
Netherlands	49	-	-	49	-	-	49	1	-	50	1	-
Portugal	10	-	-	10	-	-	10	-	-	10	-	-
Spain	83	2	-	85	3	-	88	-	-	88	5	-
Western / Southern Europe	**300**	**4**	**(2)**	**302**	**5**	**(2)**	**305**	**2**	**(13)**	**294**	**11**	**(17)**
Poland	86	3	(3)	86	5	(1)	90	-	(2)	88	8	(6)
Russia	57	86	(143)	-	-	-	-	-	-	-	86	(143)
Turkey	53	18	-	71	8	(1)	78	-	-	78	26	(1)
Eastern Europe	**196**	**107**	**(146)**	**157**	**13**	**(2)**	**168**	**-**	**(2)**	**166**	**120**	**(150)**
Sweden	27	1	-	28	-	-	28	-	-	28	1	-
Other	**27**	**1**	**-**	**28**	**-**	**-**	**28**	**-**	**-**	**28**	**1**	**-**
MSH total	**1.053**	**120**	**(151)**	**1.022**	**28**	**(8)**	**1.042**	**3**	**(22)**	**1.023**	**151**	**(181)**

New Op.= New Openings, Clos.= Closures

The DACH region made by far the largest contribution to MSH's sales and EBIT in 2019/20; the Eastern Europe and Other regions generated negative EBIT (1/2)

Sales and EBIT before restructuring (in EUR million) for 2019/20 and number of stores as of September 30, 2020 by region

Region	Sales	EBIT	Stores
DACH	12.324	297	535
Western and Southern Europe	6.431	41	294
Eastern Europe	1.611	-37	166
Others	465	-34	28
Sum	20.831	268	1.023

Source: CECONOMY Q4 2019/20 Trading Statement, management information

- MSH with its operating companies (MSH Group) was represented in the market with a total of 1,023 stores in 13 countries at the end of September 2020. The Greek business was contributed to a joint venture in fiscal year 2019/20.
- The Group's business is segmented into four regions. In addition to Germany, Austria and Switzerland, the "DACH" region also includes the activities in Hungary. The "Western and Southern Europe" region includes Belgium, Italy, Luxembourg, the Netherlands, Portugal and Spain (by 2019 also Greece). Poland and Turkey (until 2018 also Russia) form the "Eastern Europe" region. The "Other" segment comprises Sweden, the activities of smaller operating companies, and earnings effects from companies accounted for using the equity method.
- In the DACH region, MSH operated 535 stores at the end of the 2019/20 financial year, or more than half of its total store portfolio. These stores accounted for EUR 12.3 billion or 59.2% of MSH's total sales in 2019/20. MSH's largest sales market, Germany, is included in this region and contributes 82.4% of the region's sales and 48.8% of MSH's total sales. The region contributes more than 100% of MSH's total EBIT (before restructuring charges) with EUR 297 million due to negative amounts from other regions.
- The 294 stores in the Western and Southern Europe region generated EUR 6.4 billion in 2019/20, or 31.6% of MSH's total revenues. With EUR 41 million EBIT, the Western and Southern Europe region contributes 15.4% to MSH's total EBIT. MSH's second and third largest sales markets, Italy and Spain, fall within this region. Both countries were affected by comparatively long market closures.

The DACH region made by far the largest contribution to MSH's sales and EBIT in 2019/20; the Eastern Europe and Other regions generated negative EBIT (2/2)

Sales and EBIT before restructuring (in EUR million) for 2019/20 and number of stores as of September 30, 2020 by region

Region	Sales	EBIT	Stores
DACH	12.324	297	535
Western and Southern Europe	6.431	41	294
Eastern Europe	1.611	-37	166
Others	465	-34	28
Sum	20.831	268	1.023

- Of MSH's remaining sales, 6.0% are attributable to the 166 stores operated in the Eastern Europe region and 3.3% to the 28 Swedish stores (Other region). Both the Eastern Europe region and the Other region reported negative EBIT of EUR 37 million and EUR 34 million respectively.
- Group EBIT in the past fiscal year amounted to EUR 268 million before restructuring charges. Taking restructuring expenses into account, the EBIT of the MSH Group amounted to EUR 218 million.

Source: CECONOMY Q4 2019/20 Trading Statement, management information

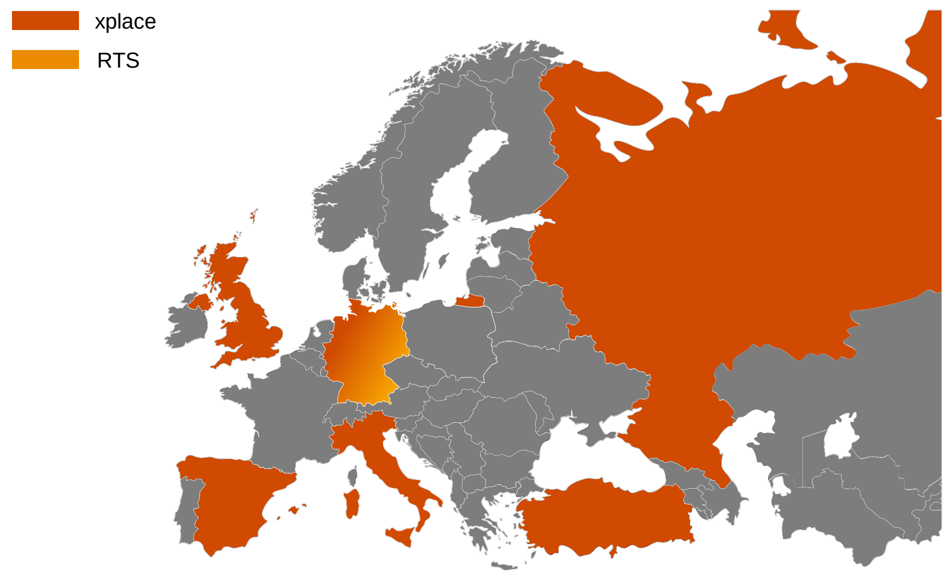
The acquisitions xplace and RTS offer additional complementary business in MSH's omnichannel offering

xplace GmbH, Göttingen ("xplace")

- In March 2012, the majority in xplace was acquired, with its subsidiaries in Great Britain, Spain, Italy, Russia and Turkey. xplace has more than 200 employees. MSH holds approximately 83% of the company.
- xplace is a provider of digital customer information systems for the retail trade. This includes, among other items, omni-channel solutions as well as electronic price stickers, POS terminals, consulting software and instore TV.

RTS Elektronik Systeme GmbH, Wolnzach ("RTS")

- The service provider for installation, servicing and repairs RTS Elektronik Systeme GmbH was purchased in August 2015. The Media-Saturn customer service was supplemented with the corresponding services when this company was acquired.
- The main focus of the services offered by RTS, which is held indirectly under corporate law through Media-Saturn Deutschland GmbH, include currently so-called "ready-to-use" services. Customers can have the electronic items they have purchased, e.g. laptops, set up for instant use at the Smart Bars in the sales rooms.
- The repair service for white goods (Profectis), on the other hand, is presently being unwound in the meantime, according to the information that has been provided.



Sources: Management information, PwC-Analysis

MSH has streamlined its portfolio and divested redcoon, iBOOD and JUKE

Redcoon GmbH, Aschaffenburg ("redcoon")

- redcoon was an internet pure discounter for entertainment electronics, smartphones and telecommunications, photography and camcorders, computers, soft and hardware, HiFi, car HiFi and household appliances.
- The company's activities were already shut down in the financial year 2017/2018 in all countries except Poland. The Polish internet page also can no longer be reached since 31 March 2020. The management bases this decision on the reduced relevance of an online pure player in parallel to the omni-channel strategy successfully conducted by Media-Saturn.

iBOOD GmbH, Berlin ("iBOOD")

- The majority in the Dutch live shopping portal iBOOD with around 60 employees was acquired in April 2015. iBOOD has been held since that time 100% by Silver Ocean B.V., Amsterdam/Netherlands ("Silver Ocean"), a company in which MSH holds 85%.
- The sale of the iBOOD Group in the course of a management buyout to the Dutch technology investor Walvis Participaties closed on 29 August 2019. iBOOD was deconsolidated as of 30 September 2019.

JUKE Entertainment GmbH, Ingolstadt ("JUKE")

- MSH has operated the music streaming service with the same name through JUKE since 2011. Books, films, games and software were also offered with the same platform until 2017.
- Since the service has developed slower than expected and also since no material market shares were able to be gained, JUKE was shut down as of 30 April 2019. After that time, digital entertainment offerings are supposed to be placed in the market above all through partners. JUKE was deconsolidated as of 30 September 2019.

Market and competitive environment

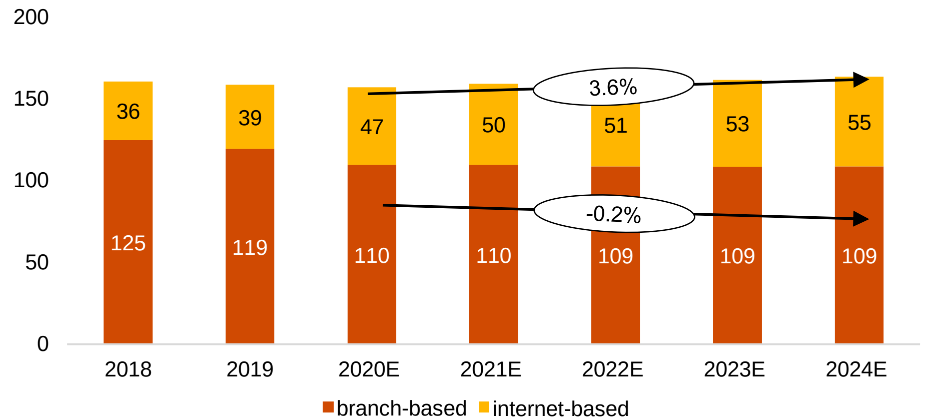
The market volume for consumer electronics which is relevant for MSH and CECONOMY was EUR157.1 billion in 2020; Average growth of the market of 1.0% annually is forecast until 2024

Market size and definition

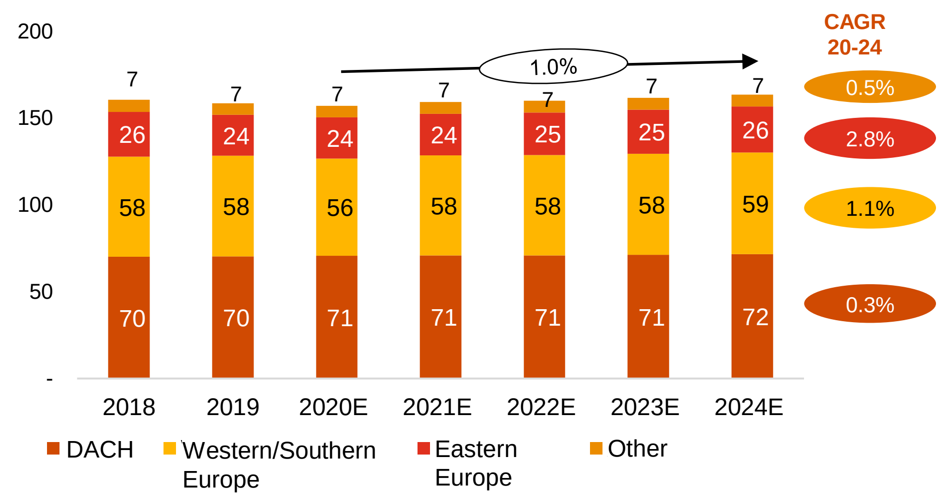
- In order to analyze the European Consumer Electronics (CE) market, we refer to management information which, in addition to MSH's own research, is also based on data from GfK SE, Nuremberg ("GfK").
- The volume in the European CE market (without B2B market) in the countries which are relevant for the value of MSH was EUR 157.1 billion in the year 2020. Of this amount, EUR 47.5 billion is attributable to internet sales, and EUR 109.6 billion is attributable to sales generated at physical stores.
- The effects of the COVID-19 pandemic became apparent in a downturn of overall sales from 2019 to 2020 as well as in the sustained shift from sales in stores to internet sales.
- The sales generated in the internet will probably increase at an annual rate of 3.6% until 2024. This development is above all driven by the expected rates of growth in Turkey (19.8%), Portugal (8.3%), Italy (6.8%), Poland (6.3%) and Spain (6.2%).
- Contrary to this development, the sales in stores will decrease by 0.2%. Except for Turkey where there is growth of 2.0%, the sales in stores are expected to stagnate or slowly decrease in all countries.
- According to GfK, the CE market, which is relevant for MSH, is supposed to grow in general at an average rate of 1.0%. Strong online growth will in part be offset by stagnation in the sales at stores. While the DACH region, western and southern Europe and Sweden will stagnate, the eastern European markets including with 4.0%) which are developing well at an above-average rate of 2.8% are the drivers for growth.

Sources: Management Information, GfK and other institutions referenced by management

Development of the sales in Europe in stores and through the internet (in EUR billion)



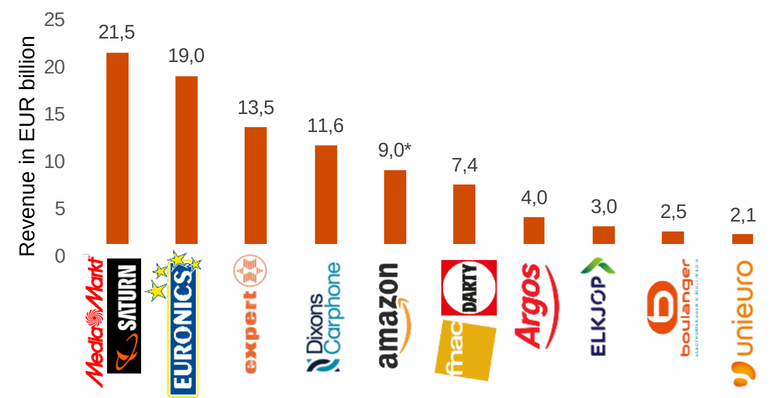
Development of the market relevant for MSH (in EUR billion)



Based on sales, MSH is the largest consumer electronics retailer in Europe and, despite intense competition, is the market leader in seven of the 13 countries where the Group operates (1/2)

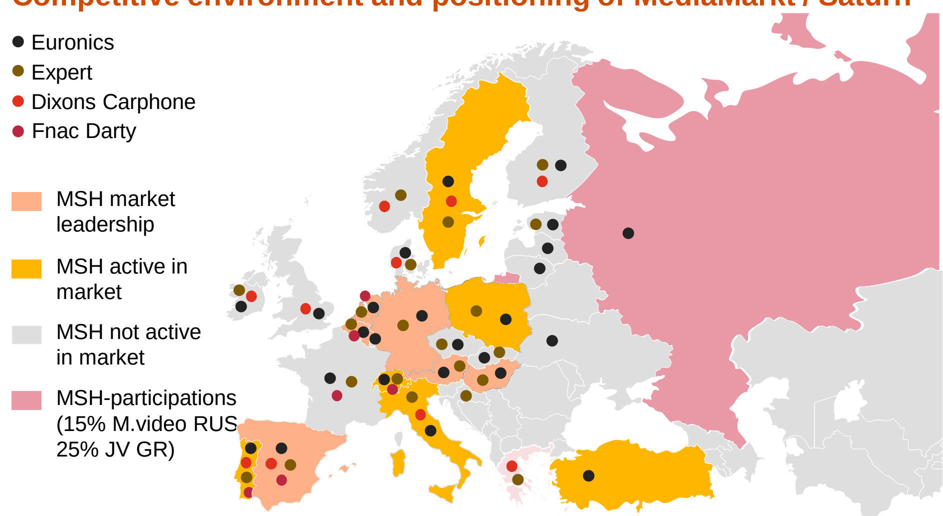
- The sales of the MSH Group of EUR 21.5 billion in the financial year 2018/19 were 13.1% higher than the sales of the next smaller competitor Euronics with EUR 19.0 billion. The dealer with the highest sales after Euronics in the year 2019 was Expert with EUR 13.5 billion.
- Amazon is the largest online dealer worldwide and in Europe. The company generated sales of EUR 32.2 billion in Europe in the financial year 2019. Amazon does not publish how the sales are allocated to specific market segments. We have roughly estimated sales of Amazon in Europe for the consumer electronics segment at approximately EUR 9 billion (approximately 30%).
- The MSH Group is the market leader in trading with consumer electronics products in Germany, Belgium, the Netherlands, Luxembourg, Austria, Spain and Hungary. The leadership in the market was recently lost in Italy as a consequence of the aggressive expansion strategy of UniEuro.
- Competition in the European market, in addition to Amazon, Euronics and Expert, comes above all from the British consumer electronics dealer Dixons Carphone, which is active in Great Britain, Ireland, Denmark, Norway, Finland, Sweden, Portugal, Spain, Italy and Greece. There has not yet been success in Sweden in competing and becoming profitable with regard to the market leader Elkjop, a subsidiary of Dixons Carphone, which operates a multiple number of stores compared to the 28 stores of MSH (status: 30 September 2020) under the name "Elgiganten".

Comparison of the sales of European competitors in 2019 (in EUR billion)



* Estimate also based on sales in Europe

Competitive environment and positioning of MediaMarkt / Saturn

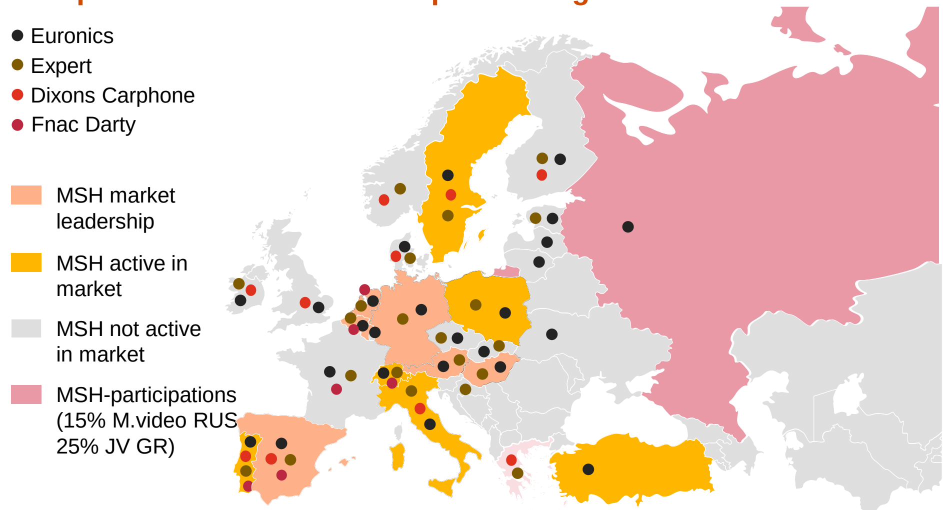


Source: Management Informationen, Statista

Based on sales, MSH is the largest consumer electronics retailer in Europe and, despite intense competition, is the market leader in seven of the 13 countries where the Group operates (2/2)

- Fnac Darty is above all active in the western European countries of France, Belgium, Switzerland as well as Spain and Portugal and also operates stores in Tunisia and Marrocco. Fnac acquired the British company Darty in the year 2015.

Competitive environment and positioning of MediaMarkt / Saturn

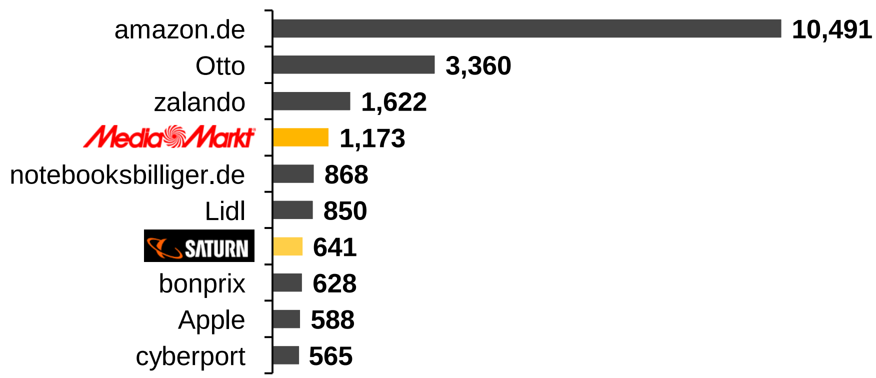


Source: Management Informationen, Statista

The online shops of MediaMarkt and Saturn have grown significantly in recent years and today constitute together the third largest online platform in Germany

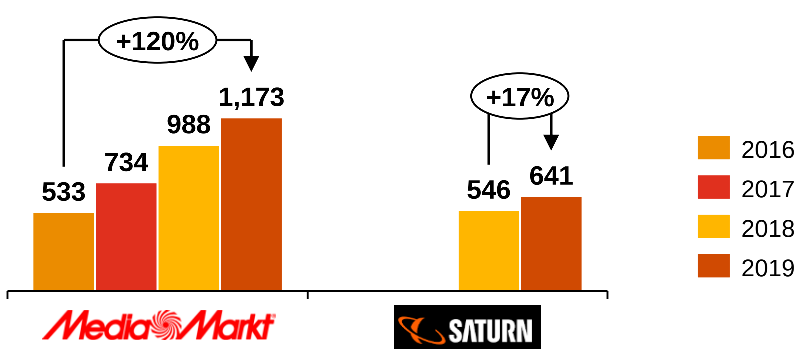
Revenue 2019 of the top 10 online stores in Germany

In EUR million



Development of online sales 2016 - 2019 in Germany

In EUR million



- The MSH brands, based on sales, rank four and seven among the most successful online shops in Germany in 2019 with EUR 1,173.1 million for mediamarkt.de and EUR 641.0 million for saturn.de. When viewed as a group (MediaMarkt and Saturn), MSH even has the third place for all product groups.
- An analysis of the development in the last four years shows that the sales at mediamarkt.de have increased by 120% since 2016. The average annual rate of growth was approximately 30%.
- saturn.de was not among the top 10 online shops in Germany in the years 2016 and 2017. Saturn's online shop was able to realize growth of 17% from 2018 to 2019; it accordingly became one of the top 10 online shops in Germany in 2019.
- As a consequence of the COVID-19 pandemic, MSH had a significant increase in generated online sales in the financial year 2019/20. The trend in growth that was already apparent beforehand again accelerated as a result of the pandemic. Even after the physical stores opened again after the lockdown in the spring, the growth in digital sales for MSH continued (compared to the previous year).
- MSH implemented various measures to service the increased demand in the sales channel "Online" quickly. For example, local inventories in the markets were used if products were already sold out at the online warehouses (so-called shipment-from-store).

Source: Management Informationen, Statista, EHI Retail Institute, annual report CECONOMY 2019/20

As a leading omni-channel dealer for consumer electronics products in Europe, MSH above all has opportunities from the introduction of new product categories and innovative services as well as optimization of the organizational structures

Strengths and opportunities for MSH

Market leader

One of the largest strengths of MSH results from its position as a market leader in the field of consumer electronics in seven of 13 European countries in which the company is active and the corresponding high degree of awareness and clear perception on the part of the customers. As a dominant consumer electronic specialist, MSH has the potential to further expand its position as a market leader and gain market shares from its competitors in regions and countries in which consolidation of the market is expected.

Omni-channel sales

As an omni-channel dealer with both physical stores as well as the online business, MSH can supplement the pure sale of goods with personal consulting and increasingly offer value added services (Services & Solutions). As a result of the linkage between the sales channels, for example, by means of Click & Collect with the possibility for pick-up at the stores, MSH also succeeds in reacting with flexibility to the needs of the customers and successfully distinguishing itself from pure online suppliers such as Amazon.

Increasing demand especially in the online business

Compared to stagnating sales in stores, the online trade is expected to increase at an annual rate of 3.6% between 2020 and 2024, according to external observers of the market. MSH, with its increased focus on internet business, can participate in this growth. After all, the company was able to develop into one of the leading online dealers in Germany in recent years. The company has successfully further developed and expanded its online competence during the COVID-19 pandemic.

Digitalization, new product categories and services

The ongoing digitalization and development of new technologies were able to open new possibilities for business for MSH. The company is trying to use the resulting opportunities, including by expanding the categories of products (e.g. health and fitness, "E-Health") and offering innovative technology-related products and services (e.g. involving Smart Home and E-Sports). MSH wants to also use its competence in technology by operating an online market place on which external suppliers can sell their products. This also serves the purpose of a sustainable expansion of the B2B business. Furthermore, MSH plans to provide marketing services for suppliers in physical stores and the online shop.

Uniform organizational structures throughout the Group

The main focus for MSH in the future with regard to organizational aspects involves establishing uniformity and lean organizational structures as well as having a stronger focus on the needs of customers when establishing the so-called "Operating Model". Digital tools and apps for customers and employees are supposed to be used to further develop personal customer consulting as a strength of MSH. Cost savings are also supposed to result in the mid-term by a reduction of a total of approximately 3,500 employees. In addition to these already quantified effects, leaner structures and processes are expected to result in increased efficiency, for which the effects on the numbers cannot be conclusively estimated. For example, the optimization of category management as well as the expansion of the omni-channel supply chain must be mentioned in this regard.

MSH faces strong competition in the online business and is subject to substantial pressure on margins due to high price transparency; there are additional risks with regard to the further development of the COVID-19 pandemic

Weaknesses and risks of MSH

Low possibilities for growth in some countries

In some countries (e.g. Sweden), MSH faces strong local competition and difficult economic conditions. The earnings position is negative in these countries, and market shares also can hardly be gained there. MSH has taken corresponding counter-measures in the past by repositioning its business and withdrawing from individual countries. For example, the sale of the Russian business in 2018 and the contribution of the MediaMarkt locations in Greece to a joint venture in 2019 are examples for this. In both countries, the company still wants to participate in the existing possibilities for growth by means of minority participations.

In addition, MSH is primarily active in the markets in western Europe which are generally saturated, and which are characterized by limited potential for growth.

Strong online competition

The competition in pricing with pure online dealers (such as Amazon, Otto or notebooksbilliger.de) can hardly be won with the retail trade in shops due to the higher costs. The traditional markets such as MediaMarkt and Saturn stores must play on their strengths in other fields, including in providing individual customer service and advice on site as well as the successful linkage of the various sales channels. Only this makes it possible to succeed in selling value added services with substantial margins and generating satisfactory results.

High pressure on prices and margins

The margins are shrinking due to the high price transparency in the internet and logistics costs. The retail trade is forced to quickly adapt to the changing circumstances, a situation which must be met in order to survive above all in the fast consumer electronics market. Flexibility and efficiency will accordingly be the decisive competitive factors. In order to be able to successfully counter the pressure on margins above all in the online business, it is important to take the cost reduction measures initiated by the company (e.g. when implementing the Operating Model) and these measures must be implemented oriented on the targets.

COVID-19 pandemic

The continuing uncertainty resulting from the COVID-19 pandemic adds to the existing risks. Among other aspects, there is a risk of further deterioration in the climate for consumption, which can also negatively affect the market for consumer electronics. The loss of strategically relevant business partners might also threaten. New regional or national lock-downs are at least repeatedly possible in the coming months.

The management sees the sales development since the lockdown in spring 2020 as very positive so far. It assumes that the company is better prepared for further lockdowns than was the case in spring 2020. In any case, it is assumed that further lockdowns will not have any long-term negative effects on MSH's earnings and financial situation. The fact that declines in bricks-and-mortar retail can be partially offset by online business is a source of confidence.

Valuation on the basis of the discounted cash flow method

Valuation of Media-Saturn-Holding GmbH

Financial position, earnings and financial performance

Financial position (1/8)

- The consolidated balance sheets in accordance with the audited sub-group financial statements of MSH under IFRS as of 30 September 2018 and 30 September 2019 are shown at the side. The values in the balance sheet as of 30 September 2020 are based on the audited numbers of CECONOMY, which reflects the perspective of the company in the MSH (sub-) group.

1. The intangible assets as of 30 September 2018 consisted of goodwill of EUR 290.3 million and other intangible assets of EUR 120.4 million. The value of the goodwill in 2018/19 fell by EUR 9.8 million to EUR 280.4 million. The driver in this development is the elimination of the goodwill for the iBOOD Group of EUR 10.1 million due to the sale. The other intangible assets in 2018/19 mainly decreased to EUR 111.9 million due to extraordinary depreciation of EUR 12.6 million related to acquired concessions, rights and licenses as well as self-produced software.

1. The difference between the intangible assets as of 30 September 2020 and 2019 results primarily from a difference in accounting for goodwill. In the (sub-) group financial statements of MSH for 2017/18 and 2018/19 prepared for the co-shareholder, the value of the goodwill is around EUR 243 million below the value in the year 2019/20 which reflected the MSH (sub-) group from the perspective of CECONOMY. A transition calculation for the goodwill (as well as the corresponding transition of equity) was provided to us. Due to the lack of effects on the valuation of MSH, we do not address this aspect.

Sub-group balance sheet - Media-Saturn-Holding GmbH

	in EUR million	Sep 18 Actual	Sep 19 Actual	Sep 20 Actual	CAGR FY18-20
1	Intangible assets	410.6	392.3	622.9	23.2%
2	Property, plant and equipment	808.8	734.4	2,575.2	78.4%
3	Non-current financial assets	160.8	173.3	238.3	21.7%
	Other non-current financial/other assets	10.3	6.7	8.9	(7.0%)
4	Deferred tax assets	59.6	73.3	82.1	17.3%
	Non-current assets	**1,450.1**	**1,380.1**	**3,527.3**	**56.0%**
	Current financial assets	0.0	0.0	0.0	(83.8%)
5	Inventories	2,479.8	2,547.5	2,949.5	9.1%
6	Trade accounts receivable	613.9	436.2	466.8	(12.8%)
7	Other current financial/other assets	1,571.6	1,528.1	1,605.1	1.1%
	Income tax assets	95.5	90.1	37.3	(37.5%)
8	Cash and cash equivalents	931.9	912.4	1,341.3	20.0%
	Assets held for sale	-	60.8	0.0	n/a
	Current assets	**5,692.8**	**5,575.1**	**6,400.0**	**6.0%**
	Assets	**7,142.9**	**6,955.2**	**9,927.2**	**17.9%**
9	**Equity**	**274.7**	**446.1**	**781.9**	68.7%
10	Pension provisions	43.7	46.8	43.5	(0.2%)
11	Other non-current provisions	38.3	32.3	25.6	(18.3%)
12	Non-current financial debt	36.6	41.9	1,590.0	558.7%
13	Other non-current financial/other liabilities	114.7	108.4	47.6	(35.6%)
14	Deferred tax liabilities	30.7	35.9	30.9	0.3%
	Non-current liabilities	**264.1**	**265.3**	**1,737.7**	**156.5%**
15	Other current provisions	189.4	158.3	148.6	(11.4%)
16	Current financial debt	6.7	9.0	570.4	824.6%
17	Trade accounts payable	5,270.7	5,300.6	5,970.4	6.4%
18	Other current financial/other liabilities	1,065.9	654.9	612.2	(24.2%)
	Income tax liabilities	71.3	50.8	106.1	22.0%
	Liabilities (assets held for sale)	-	70.2	0.0	0.0%
	Current liabilities	**6,604.0**	**6,243.8**	**7,407.6**	**5.9%**
	Liabilities	**7,142.9**	**6,955.2**	**9,927.2**	**17.9%**

Source: Management Information, (sub-) group financial statements 2017/18 and 2018/19, PwC-Analysis

Financial position (2/8)

❶ The other intangible assets are identical from both perspectives. They fell further to EUR 99.3 million in the financial year 2019/20.

❷ Property, plant and equipment consists primarily of business furnishings and equipment as well as fixtures in rented buildings. The decrease in property, plant and equipment from EUR 808.8 million as of 30 September 2018 to EUR 734.4 million as of 30 September 2019 results primarily from a lower volume of investments compared to the previous year related to lower modernization measures and selective expansion activities (for example, with regard to store openings). The increase in property, plant and equipment in the year 2019/20 results from the introduction of IFRS 16 and the first-time accounting for rights of use in the amount of EUR 2,010.0 million. The other property, plant and equipment decreased as of 30 September 2020 from EUR 734.4 million to EUR 565.1 million analogous to the previous year due to lower investments in modernization and a continuing, selective expansion policy.

❸ The largest position in non-current financial assets as of 30 September 2018 consists of participations of EUR 147.6 million, followed by lendings of EUR 12.7 million EUR. They include the 15% participation in M.video which was included in the accounts for the first time in 2018. The lendings relate to relatively constant security deposits for rent. The increase in long-term financial investments to EUR 173.3 million as of 30 September 2019 results primarily from the subsequent valuation of the participations (EUR 13.4 million). The increase to EUR 238.3 million as of 30 September 2020 is based on the increase of the participation in M.video valued based on fair value (stock exchange value) (EUR 199.9 million) as well as including the share in the Greek joint venture PMG Retail Market Ltd. (EUR 25.8 million) which is accounted for at-equity.

Sub-group balance sheet - Media-Saturn-Holding GmbH

	in EUR million	Sep 18 Actual	Sep 19 Actual	Sep 20 Actual	CAGR FY18-20
❶	Intangible assets	410.6	392.3	622.9	23.2%
❷	Property, plant and equipment	808.8	734.4	2,575.2	78.4%
❸	Non-current financial assets	160.8	173.3	238.3	21.7%
	Other non-current financial/other assets	10.3	6.7	8.9	(7.0%)
❹	Deferred tax assets	59.6	73.3	82.1	17.3%
	Non-current assets	**1,450.1**	**1,380.1**	**3,527.3**	**56.0%**
	Current financial assets	0.0	0.0	0.0	(83.8%)
❺	Inventories	2,479.8	2,547.5	2,949.5	9.1%
❻	Trade accounts receivable	613.9	436.2	466.8	(12.8%)
❼	Other current financial/other assets	1,571.6	1,528.1	1,605.1	1.1%
	Income tax assets	95.5	90.1	37.3	(37.5%)
❽	Cash and cash equivalents	931.9	912.4	1,341.3	20.0%
	Assets held for sale	-	60.8	0.0	n/a
	Current assets	**5,692.8**	**5,575.1**	**6,400.0**	**6.0%**
	Assets	**7,142.9**	**6,955.2**	**9,927.2**	**17.9%**
❾	**Equity**	**274.7**	**446.1**	**781.9**	68.7%
❿	Pension provisions	43.7	46.8	43.5	(0.2%)
⓫	Other non-current provisions	38.3	32.3	25.6	(18.3%)
⓬	Non-current financial debt	36.6	41.9	1,590.0	558.7%
⓭	Other non-current financial/other liabilities	114.7	108.4	47.6	(35.6%)
⓮	Deferred tax liabilities	30.7	35.9	30.9	0.3%
	Non-current liabilities	**264.1**	**265.3**	**1,737.7**	**156.5%**
⓯	Other current provisions	189.4	158.3	148.6	(11.4%)
⓰	Current financial debt	6.7	9.0	570.4	824.6%
⓱	Trade accounts payable	5,270.7	5,300.6	5,970.4	6.4%
⓲	Other current financial/other liabilities	1,065.9	654.9	612.2	(24.2%)
	Income tax liabilities	71.3	50.8	106.1	22.0%
	Liabilities (assets held for sale)	-	70.2	0.0	0.0%
	Current liabilities	**6,604.0**	**6,243.8**	**7,407.6**	**5.9%**
	Liabilities	**7,142.9**	**6,955.2**	**9,927.2**	**17.9%**

Source: Management information, (sub-) group financial statements 2017/18 and 2018/19, PwC-Analysis

Financial position (3/8)

❹ The deferred tax assets increased in the financial year 2018/19 by EUR 13.7 million to EUR 73.3 million. In addition to netting the tax assets of EUR 59.3 million and the tax obligations, the change compared to the previous year results from the development of deferred taxes on loss carry forwards resulting from tax optimization, changed rules on deductibility in Belgium as well as a lowering of the tax rate in Switzerland. The deferred tax assets increase by EUR 8.8 million in the year 2019/20.

❺ The inventories at MSH involve almost exclusively merchandise. The inventories increase between 30 September 2018 and 30 September 2020 on average by 9.1%. This results in the financial year 2018/19 from a higher inventory of cell phones in Germany and from measures to increase inventory in Austria. Effects to secure availability of merchandise in the case of strong demand as well as the preparation for campaigns (e.g. "value added tax event") also apply in the financial year 2019/20. The ratio of inventories to sales increased in the observed period from 11.6% to 14.2%.

❻ The trade receivables for delivery of goods and services fell by EUR 177.7 million to EUR 436.2 million from 30 September 2018 to 30 September 2019. This relates to the sale of receivables from cell phone contracts in Germany and credit card receivables in Switzerland. The trade receivables from delivery of goods and services increased slightly in the financial year 2019/20. The ratio of trade receivables from delivery of goods and services to sales in the observed time period is between 2.0% and 2.9%.

Sub-group balance sheet - Media-Saturn-Holding GmbH

	in EUR million	Sep 18 Actual	Sep 19 Actual	Sep 20 Actual	CAGR FY18-20
❶	Intangible assets	410.6	392.3	622.9	23.2%
❷	Property, plant and equipment	808.8	734.4	2,575.2	78.4%
❸	Non-current financial assets	160.8	173.3	238.3	21.7%
	Other non-current financial/other assets	10.3	6.7	8.9	(7.0%)
❹	Deferred tax assets	59.6	73.3	82.1	17.3%
	Non-current assets	**1,450.1**	**1,380.1**	**3,527.3**	**56.0%**
	Current financial assets	0.0	0.0	0.0	(83.8%)
❺	Inventories	2,479.8	2,547.5	2,949.5	9.1%
❻	Trade accounts receivable	613.9	436.2	466.8	(12.8%)
❼	Other current financial/other assets	1,571.6	1,528.1	1,605.1	1.1%
	Income tax assets	95.5	90.1	37.3	(37.5%)
❽	Cash and cash equivalents	931.9	912.4	1,341.3	20.0%
	Assets held for sale	-	60.8	0.0	n/a
	Current assets	**5,692.8**	**5,575.1**	**6,400.0**	**6.0%**
	Assets	**7,142.9**	**6,955.2**	**9,927.2**	**17.9%**
❾	**Equity**	**274.7**	**446.1**	**781.9**	68.7%
❿	Pension provisions	43.7	46.8	43.5	(0.2%)
⓫	Other non-current provisions	38.3	32.3	25.6	(18.3%)
⓬	Non-current financial debt	36.6	41.9	1,590.0	558.7%
⓭	Other non-current financial/other liabilities	114.7	108.4	47.6	(35.6%)
⓮	Deferred tax liabilities	30.7	35.9	30.9	0.3%
	Non-current liabilities	**264.1**	**265.3**	**1,737.7**	**156.5%**
⓯	Other current provisions	189.4	158.3	148.6	(11.4%)
⓰	Current financial debt	6.7	9.0	570.4	824.6%
⓱	Trade accounts payable	5,270.7	5,300.6	5,970.4	6.4%
⓲	Other current financial/other liabilities	1,065.9	654.9	612.2	(24.2%)
	Income tax liabilities	71.3	50.8	106.1	22.0%
	Liabilities (assets held for sale)	-	70.2	0.0	0.0%
	Current liabilities	**6,604.0**	**6,243.8**	**7,407.6**	**5.9%**
	Liabilities	**7,142.9**	**6,955.2**	**9,927.2**	**17.9%**

Source: Management Information, (sub-) group financial statements 2017/18 and 2018/19, PwC-Analysis

Financial position (4/8)

- ❼ The other current financial and other assets consist especially of claims against suppliers, other tax receivables and deferred assets. These assets increased only slightly in the observed time period. As of 30 September 2020, EUR 1,302,3 million are attributable to claims against suppliers, EUR 150.0 million are attributable to financial assets and EUR 152.7 million are attributable to other assets.
- ❽ Cash and cash equivalents as of 30 September 2019 include checks and cash on hand of EUR 107.2 million (previous year: EUR 113.8 million) and bank deposits of EUR 805.1 million (previous year: EUR 818.1 million). As of 30 September 2020, there were liquid funds of EUR 1,341.3 million. According to the provided information, this involves cash on hand needed for operations.
- ❾ The consolidated balance sheet as of 30 September 2019 shows equity in an amount of EUR 446.1 million (previous year: EUR 274.7 million). The increase results primarily from an increase in the capital reserve from EUR 35.7 million to EUR 165.9 million. As of 30 September 2018, MSH generated an annual profit in an amount of EUR 130.2 million which was reflected as an additional payment to the capital reserve as of 30 September 2019. The subscribed capital in an amount of EUR 35.8 million has not changed compared to the previous year. The profit reserves increased due to valuation effects and currency conversion only slightly by EUR 33.6 million to EUR 266.4 million as of 30 September 2019.
- ❾ As of 30 September 2020, the equity increased by approximately EUR 336. Some of this increase results from technical aspects and above all due to the explained different showing of goodwill of approximately EUR 243 million.

Sub-group balance sheet - Media-Saturn-Holding GmbH

	in EUR million	Sep 18 Actual	Sep 19 Actual	Sep 20 Actual	CAGR FY18-20
❶	Intangible assets	410.6	392.3	622.9	23.2%
❷	Property, plant and equipment	808.8	734.4	2,575.2	78.4%
❸	Non-current financial assets	160.8	173.3	238.3	21.7%
	Other non-current financial/other assets	10.3	6.7	8.9	(7.0%)
❹	Deferred tax assets	59.6	73.3	82.1	17.3%
	Non-current assets	**1,450.1**	**1,380.1**	**3,527.3**	**56.0%**
	Current financial assets	0.0	0.0	0.0	(83.8%)
❺	Inventories	2,479.8	2,547.5	2,949.5	9.1%
❻	Trade accounts receivable	613.9	436.2	466.8	(12.8%)
❼	Other current financial/other assets	1,571.6	1,528.1	1,605.1	1.1%
	Income tax assets	95.5	90.1	37.3	(37.5%)
❽	Cash and cash equivalents	931.9	912.4	1,341.3	20.0%
	Assets held for sale	-	60.8	0.0	n/a
	Current assets	**5,692.8**	**5,575.1**	**6,400.0**	**6.0%**
	Assets	**7,142.9**	**6,955.2**	**9,927.2**	**17.9%**
❾	**Equity**	**274.7**	**446.1**	**781.9**	68.7%
❿	Pension provisions	43.7	46.8	43.5	(0.2%)
⓫	Other non-current provisions	38.3	32.3	25.6	(18.3%)
⓬	Non-current financial debt	36.6	41.9	1,590.0	558.7%
⓭	Other non-current financial/other liabilities	114.7	108.4	47.6	(35.6%)
⓮	Deferred tax liabilities	30.7	35.9	30.9	0.3%
	Non-current liabilities	**264.1**	**265.3**	**1,737.7**	**156.5%**
⓯	Other current provisions	189.4	158.3	148.6	(11.4%)
⓰	Current financial debt	6.7	9.0	570.4	824.6%
⓱	Trade accounts payable	5,270.7	5,300.6	5,970.4	6.4%
⓲	Other current financial/other liabilities	1,065.9	654.9	612.2	(24.2%)
	Income tax liabilities	71.3	50.8	106.1	22.0%
	Liabilities (assets held for sale)	-	70.2	0.0	0.0%
	Current liabilities	**6,604.0**	**6,243.8**	**7,407.6**	**5.9%**
	Liabilities	**7,142.9**	**6,955.2**	**9,927.2**	**17.9%**

Source: Management Information, (sub-) group financial statements 2017/18 and 2018/19, PwC-Analysis

Financial position (5/8)

⑩ The amount for provisions of pensions is relatively constant. The provisions fell on average by 0.2% annually from 30 September 2018 to 30 September 2020.

⑪ The other long-term provisions consist of provisions for obligations in the area of real estate, tax risks and other obligations. The decrease in provisions to EUR 32.3 million as of 30 September 2019 relates to lower site-related risks as well as lower provisions for severance payments, interest on tax provisions and litigation risks. A decrease of EUR 6.6 million is shown for the other long-term provisions in the financial year 2019/20 and results, among other reasons, from lower site-related risks in Switzerland.

⑫ The long-term debt increases substantially as of 30 September 2020 from EUR 41.9 million to EUR 1,590.0 million. The main reason for this is the inclusion of liabilities of leasing obligations resulting from the introduction of IFRS 16.

⑬ The other long-term debt and other liabilities fell in the financial year 2018/19 by EUR 6.2 million to EUR 108.4 million. The decrease results primarily from multi-year compensation payments to minority shareholders due to profit and loss transfer agreements concluded for the first time in the financial year 2018/19 with selected market companies. The other liabilities include tax liabilities, liabilities under operating leasing contracts and deferred liabilities.

Sub-group balance sheet - Media-Saturn-Holding GmbH

	in EUR million	Sep 18 Actual	Sep 19 Actual	Sep 20 Actual	CAGR FY18-20
❶	Intangible assets	410.6	392.3	622.9	23.2%
❷	Property, plant and equipment	808.8	734.4	2,575.2	78.4%
❸	Non-current financial assets	160.8	173.3	238.3	21.7%
	Other non-current financial/other assets	10.3	6.7	8.9	(7.0%)
❹	Deferred tax assets	59.6	73.3	82.1	17.3%
	Non-current assets	**1,450.1**	**1,380.1**	**3,527.3**	**56.0%**
	Current financial assets	0.0	0.0	0.0	(83.8%)
❺	Inventories	2,479.8	2,547.5	2,949.5	9.1%
❻	Trade accounts receivable	613.9	436.2	466.8	(12.8%)
❼	Other current financial/other assets	1,571.6	1,528.1	1,605.1	1.1%
	Income tax assets	95.5	90.1	37.3	(37.5%)
❽	Cash and cash equivalents	931.9	912.4	1,341.3	20.0%
	Assets held for sale	-	60.8	0.0	n/a
	Current assets	**5,692.8**	**5,575.1**	**6,400.0**	**6.0%**
	Assets	**7,142.9**	**6,955.2**	**9,927.2**	**17.9%**
❾	**Equity**	**274.7**	**446.1**	**781.9**	68.7%
❿	Pension provisions	43.7	46.8	43.5	(0.2%)
⓫	Other non-current provisions	38.3	32.3	25.6	(18.3%)
⓬	Non-current financial debt	36.6	41.9	1,590.0	558.7%
⓭	Other non-current financial/other liabilities	114.7	108.4	47.6	(35.6%)
⓮	Deferred tax liabilities	30.7	35.9	30.9	0.3%
	Non-current liabilities	**264.1**	**265.3**	**1,737.7**	**156.5%**
⓯	Other current provisions	189.4	158.3	148.6	(11.4%)
⓰	Current financial debt	6.7	9.0	570.4	824.6%
⓱	Trade accounts payable	5,270.7	5,300.6	5,970.4	6.4%
⓲	Other current financial/other liabilities	1,065.9	654.9	612.2	(24.2%)
	Income tax liabilities	71.3	50.8	106.1	22.0%
	Liabilities (assets held for sale)	-	70.2	0.0	0.0%
	Current liabilities	**6,604.0**	**6,243.8**	**7,407.6**	**5.9%**
	Liabilities	**7,142.9**	**6,955.2**	**9,927.2**	**17.9%**

Source: Management Information, (sub-) group financial statements 2017/18 and 2018/19, PwC-Analysis

Financial position (6/8)

⓭ The reduction of other non-current debt and other liabilities to EUR 47.6 million in the financial year 2019/20 results primarily from the decrease in deferred liabilities in Germany, the decrease in leasing liabilities and reduced liabilities owed to non-group shareholders. As of the end 2019/ 20, EUR 36.3 million is attributable to other long-term debt and EUR 11.3 million is attributable to other liabilities.

⓮ The deferred tax liabilities increased by EUR 5.1 million to EUR 35.9 million in the financial year 2018/19 as a consequence of the lower netting against tax claims compared to the previous year. However, a decrease was recorded in the year 2019/20.

⓯ The other current provisions consist of provisions for obligations in the merchandise business, obligations in the real estate field, tax risks and other provisions. As of 30 September 2019, the provisions for obligations in the merchandise business in the form of warranty claims decreased as a consequence of an adjustment for IFRS 15. The obligations in the real estate field and from tax risks resulting from releases and utilization of provisions also decreased. The other provisions relate to compensation payments, interest on tax provisions and litigation costs. There was a slight increase here. As of 30 September 2019, a total decrease of other short-term provisions by EUR 31.1 million to EUR 158.3 million was recorded.

⓯ The other current provisions decreased slightly to EUR 148.6 million in the financial year 2019/20 because site-related risks decreased slightly overall.

Sub-group balance sheet - Media-Saturn-Holding GmbH

	in EUR million	Sep 18 Actual	Sep 19 Actual	Sep 20 Actual	CAGR FY18-20
❶	Intangible assets	410.6	392.3	622.9	23.2%
❷	Property, plant and equipment	808.8	734.4	2,575.2	78.4%
❸	Non-current financial assets	160.8	173.3	238.3	21.7%
	Other non-current financial/other assets	10.3	6.7	8.9	(7.0%)
❹	Deferred tax assets	59.6	73.3	82.1	17.3%
	Non-current assets	**1,450.1**	**1,380.1**	**3,527.3**	**56.0%**
	Current financial assets	0.0	0.0	0.0	(83.8%)
❺	Inventories	2,479.8	2,547.5	2,949.5	9.1%
❻	Trade accounts receivable	613.9	436.2	466.8	(12.8%)
❼	Other current financial/other assets	1,571.6	1,528.1	1,605.1	1.1%
	Income tax assets	95.5	90.1	37.3	(37.5%)
❽	Cash and cash equivalents	931.9	912.4	1,341.3	20.0%
	Assets held for sale	-	60.8	0.0	n/a
	Current assets	**5,692.8**	**5,575.1**	**6,400.0**	**6.0%**
	Assets	**7,142.9**	**6,955.2**	**9,927.2**	**17.9%**
❾	**Equity**	**274.7**	**446.1**	**781.9**	68.7%
❿	Pension provisions	43.7	46.8	43.5	(0.2%)
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⓬	Non-current financial debt	36.6	41.9	1,590.0	558.7%
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⓲	Other current financial/other liabilities	1,065.9	654.9	612.2	(24.2%)
	Income tax liabilities	71.3	50.8	106.1	22.0%
	Liabilities (assets held for sale)	-	70.2	0.0	0.0%
	Current liabilities	**6,604.0**	**6,243.8**	**7,407.6**	**5.9%**
	Liabilities	**7,142.9**	**6,955.2**	**9,927.2**	**17.9%**

Source: Management Information, (sub-) group financial statements 2017/18 and 2018/19, PwC-Analysis

Financial position (7/8)

- ⓰ Current financial debt in the financial year 2019/20 increased analogously the long-term debt to EUR 570.4 million. EUR 540.2 million of this is attributable to short-term leasing liabilities, and EUR 30.2 million is attributable to liabilities owed to credit institutions.
- ⓱ Trade payables increased on average by 6.4% in each year during the observed time period. The increase as of September 30, 2020 compared to the two previous years is the result of the increased purchasing volume (as a consequence of the increased sales in Q4 2019/ 20) and of ensuring the availability of goods
- ⓱ According to the provided information, MSH finances itself above all through its suppliers with which MSH has agreed on individual payment terms which are different depending on the country company. Debt plays a subordinate role for the financing of the Group. The increase in the short-term and long-term debt recorded as of 30 September 2020 and the resulting increase in the balance sheet is based primarily on the change in accounting for leasing liabilities due to the first-time application of IFRS 16 in this year.

Sub-group balance sheet - Media-Saturn-Holding GmbH

	in EUR million	Sep 18 Actual	Sep 19 Actual	Sep 20 Actual	CAGR FY18-20
❶	Intangible assets	410.6	392.3	622.9	23.2%
❷	Property, plant and equipment	808.8	734.4	2,575.2	78.4%
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	Other non-current financial/other assets	10.3	6.7	8.9	(7.0%)
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	Non-current assets	**1,450.1**	**1,380.1**	**3,527.3**	**56.0%**
	Current financial assets	0.0	0.0	0.0	(83.8%)
❺	Inventories	2,479.8	2,547.5	2,949.5	9.1%
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❽	Cash and cash equivalents	931.9	912.4	1,341.3	20.0%
	Assets held for sale	-	60.8	0.0	n/a
	Current assets	**5,692.8**	**5,575.1**	**6,400.0**	**6.0%**
	Assets	**7,142.9**	**6,955.2**	**9,927.2**	**17.9%**
❾	**Equity**	**274.7**	**446.1**	**781.9**	68.7%
❿	Pension provisions	43.7	46.8	43.5	(0.2%)
⓫	Other non-current provisions	38.3	32.3	25.6	(18.3%)
⓬	Non-current financial debt	36.6	41.9	1,590.0	558.7%
⓭	Other non-current financial/other liabilities	114.7	108.4	47.6	(35.6%)
⓮	Deferred tax liabilities	30.7	35.9	30.9	0.3%
	Non-current liabilities	**264.1**	**265.3**	**1,737.7**	**156.5%**
⓯	Other current provisions	189.4	158.3	148.6	(11.4%)
⓰	Current financial debt	6.7	9.0	570.4	824.6%
⓱	Trade accounts payable	5,270.7	5,300.6	5,970.4	6.4%
⓲	Other current financial/other liabilities	1,065.9	654.9	612.2	(24.2%)
	Income tax liabilities	71.3	50.8	106.1	22.0%
	Liabilities (assets held for sale)	-	70.2	0.0	0.0%
	Current liabilities	**6,604.0**	**6,243.8**	**7,407.6**	**5.9%**
	Liabilities	**7,142.9**	**6,955.2**	**9,927.2**	**17.9%**

Source: Management Information, (sub-) group financial statements 2017/18 and 2018/19, PwC-Analysis

Financial position (8/8)

18 The other short-term debt and other liabilities decreased strongly from EUR 1,065.9 million in 2017/18 to EUR 654.9 million in 2018/19. This position includes liabilities for wages and salaries, liabilities for reimbursement and other individual line items. The other short-term debt was EUR 441.8 million in 2018/19; the other short-term liabilities are EUR 213.0 million (previous year: EUR 669.8 million). The decrease in other liabilities results in part from the reclassification of received payments for orders from other liabilities and placing them to trade payables (EUR 406.9 million). There is no corresponding increase in liabilities for delivery of goods and services because there was a decrease in these liabilities in approximately the same amount which results form the elimination of temporary extensions of terms of payments and the early payment of liabilities in the context of active cash management.

18 The other short-term debt decreased in 2019/20 to EUR 381.9 million due to lower liabilities for separation payments, bonuses and salaries. The other liabilities increased to EUR 230.3 million.

Sub-group balance sheet - Media-Saturn-Holding GmbH

	in EUR million	Sep 18 Actual	Sep 19 Actual	Sep 20 Actual	CAGR FY18-20
1	Intangible assets	410.6	392.3	622.9	23.2%
2	Property, plant and equipment	808.8	734.4	2,575.2	78.4%
3	Non-current financial assets	160.8	173.3	238.3	21.7%
	Other non-current financial/other assets	10.3	6.7	8.9	(7.0%)
4	Deferred tax assets	59.6	73.3	82.1	17.3%
	Non-current assets	**1,450.1**	**1,380.1**	**3,527.3**	**56.0%**
	Current financial assets	0.0	0.0	0.0	(83.8%)
5	Inventories	2,479.8	2,547.5	2,949.5	9.1%
6	Trade accounts receivable	613.9	436.2	466.8	(12.8%)
7	Other current financial/other assets	1,571.6	1,528.1	1,605.1	1.1%
	Income tax assets	95.5	90.1	37.3	(37.5%)
8	Cash and cash equivalents	931.9	912.4	1,341.3	20.0%
	Assets held for sale	-	60.8	0.0	n/a
	Current assets	**5,692.8**	**5,575.1**	**6,400.0**	**6.0%**
	Assets	**7,142.9**	**6,955.2**	**9,927.2**	**17.9%**
9	**Equity**	**274.7**	**446.1**	**781.9**	68.7%
10	Pension provisions	43.7	46.8	43.5	(0.2%)
11	Other non-current provisions	38.3	32.3	25.6	(18.3%)
12	Non-current financial debt	36.6	41.9	1,590.0	558.7%
13	Other non-current financial/other liabilities	114.7	108.4	47.6	(35.6%)
14	Deferred tax liabilities	30.7	35.9	30.9	0.3%
	Non-current liabilities	**264.1**	**265.3**	**1,737.7**	**156.5%**
15	Other current provisions	189.4	158.3	148.6	(11.4%)
16	Current financial debt	6.7	9.0	570.4	824.6%
17	Trade accounts payable	5,270.7	5,300.6	5,970.4	6.4%
18	Other current financial/other liabilities	1,065.9	654.9	612.2	(24.2%)
	Income tax liabilities	71.3	50.8	106.1	22.0%
	Liabilities (assets held for sale)	-	70.2	0.0	0.0%
	Current liabilities	**6,604.0**	**6,243.8**	**7,407.6**	**5.9%**
	Liabilities	**7,142.9**	**6,955.2**	**9,927.2**	**17.9%**

Source: Management Information, (sub-) group financial statements 2017/18 and 2018/19, PwC-Analysis

Earnings and financial performance (1/6)

- The income statements of the audited (sub-) group financial statements of MSH under IFRS for the financial years 2017/18 and 2018/19 as well as the income statement of MSH according to the audited consolidated financial statements of CECONOMY for the year 2019/20 are as shown on the right side.
- ❶ The revenues in the observed time period decrease on average by 1.4% in each year. The revenues were EUR 21.4 billion in the financial year 2017/18 and increased in the next year to EUR 21.5 billion. The slight increase in 2018/19 results from the positive development of the online business which was able to more than compensate for the reduction in stationary sales.
- ❶ The greatest portion of revenues is generated by selling merchandise (primarily in Germany). Approximately EUR 1.1 billion were attributable to Services & Solutions in the financial year 2019/20. This corresponds to a portion of sales of approximately 5.4%.
- ❶ The revenues for the financial year 2019/20 decreased to EUR 20.8 million (-2.9%) as a consequence of the COVID-19 pandemic. While the sales up to and including February 2020 were still in the range of the previous year there were substantial collapses in sales above all in the lock-down months of March and April 2020. The downturn in revenues compared to the same month in the previous year in April 2020 was 43%; only 14% of the stores were still open. At the same time, growth in the online sales of 209% was able to be achieved compared to April 2019. The loss of revenues in the stores, however, was not offset by the higher online sales. After the stores reopened in May 2020, sales above the level of the previous year were realized up to and including September 2020. From the perspective of the entire year, MSH achieved an online portion of sales of 20.2% in 2019/20 (previous year: 13.7%).

Sub-group income statements - Media-Saturn-Holding GmbH

	in EUR million	2017/18 Actual	2018/19 Actual	2019/20 Actual	CAGR FY18-20
❶	Revenue	21,415.5	21,453.5	20,830.5	(1.4%)
❷	Cost of goods sold	(17,097.5)	(17,304.8)	(17,047.7)	(0.1%)
	Gross profit	**4,318.1**	**4,148.8**	**3,782.8**	**(6.4%)**
❸	Other operating income	177.4	194.2	196.9	5.4%
❹	Selling, general & administrative expenses	(3,824.6)	(3,640.7)	(2,871.2)	(13.4%)
❺	Other operating expenses	(7.8)	(27.2)	(27.9)	89.1%
	Restructuring expenses	-	(175.4)	(49.4)	n/a
	Profit share associates (equity method)	0.1	0.5	(2.4)	n/a
	Impairment of operating financial assets	-	(4.6)	(9.8)	n/a
❻	**EBITDA**	**663.1**	**495.6**	**1,019.0**	**24.0%**
❼	Depreciation & amortization	(224.0)	(239.3)	(800.9)	89.1%
❽	**EBIT incl. restructuring expenses**	**439.2**	**256.3**	**218.1**	**(29.5%)**
❾	Restructuring expenses	-	175.4	49.4	n/a
❿	**EBIT before restructuring expenses**	**439.2**	**431.7**	**267.5**	**(22.0%)**
	in % of Revenue				
	Gross profit margin	*20.2%*	*19.3%*	*18.2%*	
	Selling, general & administrative expenses	*(17.9%)*	*(17.0%)*	*(13.8%)*	
	EBITDA margin	*3.1%*	*2.3%*	*4.9%*	
	EBIT margin (incl. restructuring)	*2.1%*	*1.2%*	*1.0%*	
	EBIT margin (before restructuring)	*2.1%*	*2.0%*	*1.3%*	
	Annual growth in %				
	Revenue	*(0.9%)*	*0.2%*	*(2.9%)*	
	Cost of goods sold	*(0.2%)*	*1.2%*	*(1.5%)*	
	Gross profit	*(3.6%)*	*(3.9%)*	*(8.8%)*	
	Other operating income	*9.6%*	*9.5%*	*1.4%*	
	Selling, general & administrative expenses	*(3.6%)*	*(4.8%)*	*(21.1%)*	
	Other operating expenses	*(10.4%)*	*247.8%*	*2.8%*	
	EBITDA	*(0.3%)*	*(25.3%)*	*105.6%*	
	EBIT margin (incl. restructuring)	*4.3%*	*(41.6%)*	*(14.9%)*	
	EBIT margin (before restructuring)	*4.3%*	*(1.7%)*	*(38.0%)*	

Source: Management Information, (sub-) group financial statements 2017/18, 2018/19 and 2019/20, Q1/Q2/Q3-Reporting CECONOMY, PwC-Analysis

Earnings and financial performance (2/6)

❷ The costs of goods sold decreased in the observed period on average by 0.1% in each year. The costs of goods sold include expenses for procured goods and services, expense for personnel and depreciation. The less strong downturn in the costs compared to the sales led to a reduction of the gross margin of 20.2% in 2017/18 to 19.3% in 2018/19. Intense competition and continuing pressure on margins as a consequence of price transparency resulting from online sales put a burden on the margin.

❷ The effects of the COVID-19 pandemic also were an additional factor in 2019/20. The depreciation on inventory could not be reduced to the same extent as revenue decreased. The increase in online sales with lower margins also had negative effects on the gross margin. The online business is characterized by a change in the assortment of goods and the product mix as well as higher delivery costs. The gross margin accordingly continued to fall to 18.2% in the year 2019/20.

❸ The other operating income in the financial year 2018/19 consisted primarily of earnings from reimbursements of costs (EUR 57.4 million), services for suppliers (EUR 36.7 million), earnings from damages (EUR 33.5 million) as well as other operating income (EUR 52.2 million). The earnings from damages are related to claims for damages against credit card companies resulting from violations of European antitrust laws. The other operating income increased from EUR 177.4 million in 2017/18 to EUR 194.2 million in the next year.

Sub-group income statements - Media-Saturn-Holding GmbH

	in EUR million	2017/18 Actual	2018/19 Actual	2019/20 Actual	CAGR FY18-20
❶	Revenue	21,415.5	21,453.5	20,830.5	(1.4%)
❷	Cost of goods sold	(17,097.5)	(17,304.8)	(17,047.7)	(0.1%)
	Gross profit	**4,318.1**	**4,148.8**	**3,782.8**	**(6.4%)**
❸	Other operating income	177.4	194.2	196.9	5.4%
❹	Selling, general & administrative expenses	(3,824.6)	(3,640.7)	(2,871.2)	(13.4%)
❺	Other operating expenses	(7.8)	(27.2)	(27.9)	89.1%
	Restructuring expenses	-	(175.4)	(49.4)	n/a
	Profit share associates (equity method)	0.1	0.5	(2.4)	n/a
	Impairment of operating financial assets	-	(4.6)	(9.8)	n/a
❻	**EBITDA**	**663.1**	**495.6**	**1,019.0**	**24.0%**
❼	Depreciation & amortization	(224.0)	(239.3)	(800.9)	89.1%
❽	**EBIT incl. restructuring expenses**	**439.2**	**256.3**	**218.1**	**(29.5%)**
❾	Restructuring expenses	-	175.4	49.4	n/a
❿	**EBIT before restructuring expenses**	**439.2**	**431.7**	**267.5**	**(22.0%)**
	in % of Revenue				
	Gross profit margin	*20.2%*	*19.3%*	*18.2%*	
	Selling, general & administrative expenses	*(17.9%)*	*(17.0%)*	*(13.8%)*	
	EBITDA margin	*3.1%*	*2.3%*	*4.9%*	
	EBIT margin (incl. restructuring)	*2.1%*	*1.2%*	*1.0%*	
	EBIT margin (before restructuring)	*2.1%*	*2.0%*	*1.3%*	
	Annual growth in %				
	Revenue	*(0.9%)*	*0.2%*	*(2.9%)*	
	Cost of goods sold	*(0.2%)*	*1.2%*	*(1.5%)*	
	Gross profit	*(3.6%)*	*(3.9%)*	*(8.8%)*	
	Other operating income	*9.6%*	*9.5%*	*1.4%*	
	Selling, general & administrative expenses	*(3.6%)*	*(4.8%)*	*(21.1%)*	
	Other operating expenses	*(10.4%)*	*247.8%*	*2.8%*	
	EBITDA	*(0.3%)*	*(25.3%)*	*105.6%*	
	EBIT margin (incl. restructuring)	*4.3%*	*(41.6%)*	*(14.9%)*	
	EBIT margin (before restructuring)	*4.3%*	*(1.7%)*	*(38.0%)*	

Source: Management Information, (sub-) group financial statements 2017/18, 2018/19 and 2019/20, Q1/Q2/Q3-Reporting CECONOMY, PwC-Analysis

Earnings and financial performance (3/6)

3 The other operating income increased in the year 2019/20 to EUR 196.9 million. In a manner analogous to the previous year, earnings from reimbursement of costs, services for suppliers, rental income, earnings from damages as well as from changes in the fixed assets were also recorded. In addition, there was one-time income in the amount of approximately EUR 10 million from the deconsolidation of the Greek business, approximately EUR 25 million from capitalizing the 25% share in PMG Retail Market Ltd. and approximately EUR 7 million from public subsidies, of which approximately EUR 4 million are attributable to economic assistance in connection with store closures due to the COVID-19 pandemic. During the observed time period, the other operating income increased at an annual rate of 5.4% due to these special factors.

4 The planning for selling, general and administrative expenses was carried out in one sum for reasons of simplification. In order to have better comparability, these costs are shown in one line item for the years 2017/18 to 2019/20.

4 The selling, general and administrative costs (without depreciation) consist in the year 2018/19 of EUR 3,252.9 million (previous year EUR 3,387.9 million) of selling costs and EUR 387.8 million (previous year: EUR 436.8 million) general administrative costs. Both line items involve in approximately equal portions personnel expenses and other costs. The decrease in the selling costs accordingly results both from the expense for personnel as well as from other selling costs in the form of expenses for rent, advertising, supervision and costs for buildings.

Sub-group income statements - Media-Saturn-Holding GmbH

	in EUR million	2017/18 Actual	2018/19 Actual	2019/20 Actual	CAGR FY18-20
1	Revenue	21,415.5	21,453.5	20,830.5	(1.4%)
2	Cost of goods sold	(17,097.5)	(17,304.8)	(17,047.7)	(0.1%)
	Gross profit	**4,318.1**	**4,148.8**	**3,782.8**	**(6.4%)**
3	Other operating income	177.4	194.2	196.9	5.4%
4	Selling, general & administrative expenses	(3,824.6)	(3,640.7)	(2,871.2)	(13.4%)
5	Other operating expenses	(7.8)	(27.2)	(27.9)	89.1%
	Restructuring expenses	-	(175.4)	(49.4)	n/a
	Profit share associates (equity method)	0.1	0.5	(2.4)	n/a
	Impairment of operating financial assets	-	(4.6)	(9.8)	n/a
6	**EBITDA**	**663.1**	**495.6**	**1,019.0**	**24.0%**
7	Depreciation & amortization	(224.0)	(239.3)	(800.9)	89.1%
8	**EBIT incl. restructuring expenses**	**439.2**	**256.3**	**218.1**	**(29.5%)**
9	Restructuring expenses	-	175.4	49.4	n/a
10	**EBIT before restructuring expenses**	**439.2**	**431.7**	**267.5**	**(22.0%)**
	in % of Revenue				
	Gross profit margin	*20.2%*	*19.3%*	*18.2%*	
	Selling, general & administrative expenses	*(17.9%)*	*(17.0%)*	*(13.8%)*	
	EBITDA margin	*3.1%*	*2.3%*	*4.9%*	
	EBIT margin (incl. restructuring)	*2.1%*	*1.2%*	*1.0%*	
	EBIT margin (before restructuring)	*2.1%*	*2.0%*	*1.3%*	
	Annual growth in %				
	Revenue	*(0.9%)*	*0.2%*	*(2.9%)*	
	Cost of goods sold	*(0.2%)*	*1.2%*	*(1.5%)*	
	Gross profit	*(3.6%)*	*(3.9%)*	*(8.8%)*	
	Other operating income	*9.6%*	*9.5%*	*1.4%*	
	Selling, general & administrative expenses	*(3.6%)*	*(4.8%)*	*(21.1%)*	
	Other operating expenses	*(10.4%)*	*247.8%*	*2.8%*	
	EBITDA	*(0.3%)*	*(25.3%)*	*105.6%*	
	EBIT margin (incl. restructuring)	*4.3%*	*(41.6%)*	*(14.9%)*	
	EBIT margin (before restructuring)	*4.3%*	*(1.7%)*	*(38.0%)*	

Source: Management Information, (sub-) group financial statements 2017/18, 2018/19 and 2019/20, Q1/Q2/Q3-Reporting CECONOMY, PwC-Analysis

Earnings and financial performance (4/6)

❹ The other general administrative costs include expenses for consulting, rent and IT costs. The general administrative costs increased by approximately EUR 126 million in the financial year 2018/19 and result primarily from the higher expense for personnel as a consequence of separation payments in connection with costs and efficiency measures as well as changes in leadership.

❹ A decrease in the selling, general and administrative costs by 21.1% to EUR 2,871.2 million is recorded for the year 2019/20. Compared to this, the sales only decrease by 2.9%. The costs ratio accordingly decreases from 17.0% in 2018/19 to 13.8% in 2019/20. This structural improvement results especially from the introduction of IFRS 16. Leasing expenses previously included in the selling, general and administrative costs have been booked to depreciation and the interest expense since the year 2019/20 so that the costs ratio had a sustained improvement purely due to computational reasons. In addition, effects were still being felt from the centralization of services and installation of shared service centers in the past. In addition, MSH profited in the year 2019/20 from short-time work payments for workers as well as rent reductions in connection with the pandemic.

❺ The other operating expenses result in 2018/19 primarily from expenses due to the consolidation of the IBOOD Group of EUR 17.5 million. The losses from the elimination from fixed assets increased slightly from EUR 7.4 million in 2017/18 to EUR 8.8 million in 2018/19.

Sub-group income statements - Media-Saturn-Holding GmbH

	in EUR million	2017/18 Actual	2018/19 Actual	2019/20 Actual	CAGR FY18-20
❶	Revenue	21,415.5	21,453.5	20,830.5	(1.4%)
❷	Cost of goods sold	(17,097.5)	(17,304.8)	(17,047.7)	(0.1%)
	Gross profit	**4,318.1**	**4,148.8**	**3,782.8**	**(6.4%)**
❸	Other operating income	177.4	194.2	196.9	5.4%
❹	Selling, general & administrative expenses	(3,824.6)	(3,640.7)	(2,871.2)	(13.4%)
❺	Other operating expenses	(7.8)	(27.2)	(27.9)	89.1%
	Restructuring expenses	-	(175.4)	(49.4)	n/a
	Profit share associates (equity method)	0.1	0.5	(2.4)	n/a
	Impairment of operating financial assets	-	(4.6)	(9.8)	n/a
❻	**EBITDA**	**663.1**	**495.6**	**1,019.0**	**24.0%**
❼	Depreciation & amortization	(224.0)	(239.3)	(800.9)	89.1%
❽	**EBIT incl. restructuring expenses**	**439.2**	**256.3**	**218.1**	**(29.5%)**
❾	Restructuring expenses	-	175.4	49.4	n/a
❿	**EBIT before restructuring expenses**	**439.2**	**431.7**	**267.5**	**(22.0%)**
	in % of Revenue				
	Gross profit margin	*20.2%*	*19.3%*	*18.2%*	
	Selling, general & administrative expenses	*(17.9%)*	*(17.0%)*	*(13.8%)*	
	EBITDA margin	*3.1%*	*2.3%*	*4.9%*	
	EBIT margin (incl. restructuring)	*2.1%*	*1.2%*	*1.0%*	
	EBIT margin (before restructuring)	*2.1%*	*2.0%*	*1.3%*	
	Annual growth in %				
	Revenue	*(0.9%)*	*0.2%*	*(2.9%)*	
	Cost of goods sold	*(0.2%)*	*1.2%*	*(1.5%)*	
	Gross profit	*(3.6%)*	*(3.9%)*	*(8.8%)*	
	Other operating income	*9.6%*	*9.5%*	*1.4%*	
	Selling, general & administrative expenses	*(3.6%)*	*(4.8%)*	*(21.1%)*	
	Other operating expenses	*(10.4%)*	*247.8%*	*2.8%*	
	EBITDA	*(0.3%)*	*(25.3%)*	*105.6%*	
	EBIT margin (incl. restructuring)	*4.3%*	*(41.6%)*	*(14.9%)*	
	EBIT margin (before restructuring)	*4.3%*	*(1.7%)*	*(38.0%)*	

Source: Management Information, (sub-) group financial statements 2017/18, 2018/19 and 2019/20, Q1/Q2/Q3-Reporting CECONOMY, PwC-Analysis

Earnings and financial performance (5/6)

5 Other operating expenses were incurred in the year 2019/20 in the amount of EUR 27.9 million as a consequence of losses from the disposal of fixed assets due to the realignment of the IT strategy.

6 The EBITDA margin decreased from 3.1% in 2017/18 to 2.3% in 2018/19. This resulted above all from restructuring expenses in the amount of EUR 175.4 million (see on this point, the discussion on the next page). The EBITDA margin improved to 4.9% in the year 2019/20. This results primarily from moving leasing expenses from selling, general and administrative costs to depreciation and interest expenses as a consequence of the changed accounting under IFRS 16. There is an offsetting effect in the special effects contained in the restructuring expense in the year 2019/20 in the amount of EUR (net) 49.4 million which are caused by store closures and the implementation of a group-wide uniform organizational structure (Operating Model) which establishes standardized management structures and centralized processes across all countries (see also chapter 3.4 with regard to the planned costs of the measures and the resulting savings).

7 The depreciation increased strongly from EUR 239.3 million in 2018/19 to EUR 800.9 million in 2019/20. This results mainly from the accounting for rights of use and depreciation under IFRS 16 for the first time which was added to the relatively constant depreciation for intangible assets and plant equipment.

Sub-group income statements - Media-Saturn-Holding GmbH

	in EUR million	2017/18 Actual	2018/19 Actual	2019/20 Actual	CAGR FY18-20
1	Revenue	21,415.5	21,453.5	20,830.5	(1.4%)
2	Cost of goods sold	(17,097.5)	(17,304.8)	(17,047.7)	(0.1%)
	Gross profit	**4,318.1**	**4,148.8**	**3,782.8**	**(6.4%)**
3	Other operating income	177.4	194.2	196.9	5.4%
4	Selling, general & administrative expenses	(3,824.6)	(3,640.7)	(2,871.2)	(13.4%)
5	Other operating expenses	(7.8)	(27.2)	(27.9)	89.1%
	Restructuring expenses	-	(175.4)	(49.4)	n/a
	Profit share associates (equity method)	0.1	0.5	(2.4)	n/a
	Impairment of operating financial assets	-	(4.6)	(9.8)	n/a
6	**EBITDA**	**663.1**	**495.6**	**1,019.0**	**24.0%**
7	Depreciation & amortization	(224.0)	(239.3)	(800.9)	89.1%
8	**EBIT incl. restructuring expenses**	**439.2**	**256.3**	**218.1**	**(29.5%)**
9	Restructuring expenses	-	175.4	49.4	n/a
10	**EBIT before restructuring expenses**	**439.2**	**431.7**	**267.5**	**(22.0%)**
	in % of Revenue				
	Gross profit margin	*20.2%*	*19.3%*	*18.2%*	
	Selling, general & administrative expenses	*(17.9%)*	*(17.0%)*	*(13.8%)*	
	EBITDA margin	*3.1%*	*2.3%*	*4.9%*	
	EBIT margin (incl. restructuring)	*2.1%*	*1.2%*	*1.0%*	
	EBIT margin (before restructuring)	*2.1%*	*2.0%*	*1.3%*	
	Annual growth in %				
	Revenue	*(0.9%)*	*0.2%*	*(2.9%)*	
	Cost of goods sold	*(0.2%)*	*1.2%*	*(1.5%)*	
	Gross profit	*(3.6%)*	*(3.9%)*	*(8.8%)*	
	Other operating income	*9.6%*	*9.5%*	*1.4%*	
	Selling, general & administrative expenses	*(3.6%)*	*(4.8%)*	*(21.1%)*	
	Other operating expenses	*(10.4%)*	*247.8%*	*2.8%*	
	EBITDA	*(0.3%)*	*(25.3%)*	*105.6%*	
	EBIT margin (incl. restructuring)	*4.3%*	*(41.6%)*	*(14.9%)*	
	EBIT margin (before restructuring)	*4.3%*	*(1.7%)*	*(38.0%)*	

Source: Management Information, (sub-) group financial statements 2017/18, 2018/19 and 2019/20, Q1/Q2/Q3-Reporting CECONOMY, PwC-Analysis

Earnings and financial performance (6/6)

❽ The EBIT, including the restructuring expenses, was EUR 439.2 million in the financial year 2017/18 and fell to EUR 256.3 million in 2018/19. The EBIT margin was 2.1% in 2017/18 and decreased to 2.1% in the year 2018/19 due to restructuring expenses. The EBIT, including restructuring, sinks in the year 2019/20 to EUR 218.1 million, which corresponds to an EBIT margin of 1.0%. In addition to the additional costs from restructuring, the effects of the COVID-19 pandemic adversely affected the earnings margin. Up to and including February 2020, the development of the EBIT was as planned. During the lockdown months of March and April 2020, the results achieved up to that time, however, were to the greatest extent exhausted by the substantial losses due to the collapse in sales. Starting in May 2020, there was a successive recovery of the EBIT, but it could not achieve the level of the previous year.

❾ The financial year 2018/19 includes one-time effects in an amount of EUR 175.4 million. This involves primarily expenses incurred as a consequence of the implemented measures related to costs and efficiency as well as the change in leadership. During the financial year 2019/20, EUR (net) 49.4 million of restructuring expenses were incurred mainly in the course of introducing the Operating Model as well as closing select stores.

❾ The correction of the EBIT for these expenses in 2019/20 results in an EBIT margin which is 0.3 percentage points higher (previous year: 0.8 percentage points). The EBIT margin before restructuring shows a decrease of 2.1% to 1.3% during the observed time period. This decrease is primarily due to the negative influence of the increased pressure on margins for MSH resulting from more intense competition and increased price transparency as well as the COVID-19 pandemic.

Sub-group income statements - Media-Saturn-Holding GmbH

	in EUR million	2017/18 Actual	2018/19 Actual	2019/20 Actual	CAGR FY18-20
❶	Revenue	21,415.5	21,453.5	20,830.5	(1.4%)
❷	Cost of goods sold	(17,097.5)	(17,304.8)	(17,047.7)	(0.1%)
	Gross profit	**4,318.1**	**4,148.8**	**3,782.8**	**(6.4%)**
❸	Other operating income	177.4	194.2	196.9	5.4%
❹	Selling, general & administrative expenses	(3,824.6)	(3,640.7)	(2,871.2)	(13.4%)
❺	Other operating expenses	(7.8)	(27.2)	(27.9)	89.1%
	Restructuring expenses	-	(175.4)	(49.4)	n/a
	Profit share associates (equity method)	0.1	0.5	(2.4)	n/a
	Impairment of operating financial assets	-	(4.6)	(9.8)	n/a
❻	**EBITDA**	**663.1**	**495.6**	**1,019.0**	**24.0%**
❼	Depreciation & amortization	(224.0)	(239.3)	(800.9)	89.1%
❽	**EBIT incl. restructuring expenses**	**439.2**	**256.3**	**218.1**	**(29.5%)**
❾	Restructuring expenses	-	175.4	49.4	n/a
❿	**EBIT before restructuring expenses**	**439.2**	**431.7**	**267.5**	**(22.0%)**
	in % of Revenue				
	Gross profit margin	*20.2%*	*19.3%*	*18.2%*	
	Selling, general & administrative expenses	*(17.9%)*	*(17.0%)*	*(13.8%)*	
	EBITDA margin	*3.1%*	*2.3%*	*4.9%*	
	EBIT margin (incl. restructuring)	*2.1%*	*1.2%*	*1.0%*	
	EBIT margin (before restructuring)	*2.1%*	*2.0%*	*1.3%*	
	Annual growth in %				
	Revenue	*(0.9%)*	*0.2%*	*(2.9%)*	
	Cost of goods sold	*(0.2%)*	*1.2%*	*(1.5%)*	
	Gross profit	*(3.6%)*	*(3.9%)*	*(8.8%)*	
	Other operating income	*9.6%*	*9.5%*	*1.4%*	
	Selling, general & administrative expenses	*(3.6%)*	*(4.8%)*	*(21.1%)*	
	Other operating expenses	*(10.4%)*	*247.8%*	*2.8%*	
	EBITDA	*(0.3%)*	*(25.3%)*	*105.6%*	
	EBIT margin (incl. restructuring)	*4.3%*	*(41.6%)*	*(14.9%)*	
	EBIT margin (before restructuring)	*4.3%*	*(1.7%)*	*(38.0%)*	

Source: Management Information, (sub-) group financial statements 2017/18, 2018/19 and 2019/20, Q1/Q2/Q3-Reporting CECONOMY, PwC-Analysis

Planning process and past planning accuracy

The planning for MSH is the result of a top-down bottom-up process with adjustments by management

- The planning process at MSH first involves a target by management about the overall ambition for the Group and the respective contribution from the individual country companies to achieve the goal (top-down approach). In a second step, the planning by the individual companies for three years (bottom-up "budget planning") are consolidated at the country level; the forecast dated August 2020 served as the basis for the budget planning for the years 2020/21 to 2022/23 to be taken into account in the present matter. Due to the COVID-19 pandemic, this year‘s planning process was substantially shortened. The start of the planning in the individual country companies was moved to the middle of June 2020 and took into account the actual development up to that time. In the third step, management adjustments were made at the level of MSH based on the bottom-up planning. In the process, a central top-down safety discount is applied to the expected sales development. The budget prepared by the management was approved by the CECONOMY Management Board in October 2020; subsequently, the CECONOMY Group budget was approved by the Supervisory Board.
- A central premise for the planning with regard to the further development of the COVID-19 pandemic is the expectation of continued, moderate relaxing and easing of the measures. Any effects from any further lockdown of the stores were not anticipated in the planning.
- The EBIT after adjustments for the planned years 2020/21 to 2022/23 is shown in the following table.

EBIT after management adjustments and restructuring expenses

in EUR million	2020/21 Plan	2021/22 Plan	2022/23 Plan
EBIT bottom-up planning (before management adjustments)	410.0	530.0	600.0
Restructuring expenses	(110.6)	-	-
EBIT relevant for valuation	**299.4**	**530.0**	**600.0**

- The EBIT after adjustments by management is in general the relevant variable for the valuation, which also includes the restructuring expense for 2020/21 for establishing the Operating Model and store closures which were provided to us separately and which are not contained in the bottom-up planning at the country level.

Deviations between plan/actual in the last financial year result primarily from the COVID-19 pandemic; the development in the current financial year is positive (1/2)

MSH - Planning accuracy

	2018/19		Deviation		2019/20		Deviation		YTD Nov 2020/21		Deviation	
in EUR million	Plan 18	Actual	in %	abs.	Plan 19	Actual	in %	abs.	Plan 20	prel. Act.	in %	abs.
❶ Revenue	21,779	21,454	(1.5%)	(325)	21,704	20,831	(4.0%)	(873)	4,129	4,765	15.4%	636
❷ EBIT	410	256	(37.5%)	(154)	500	218	(56.4%)	(282)	17	81	376.5%	64

- The analysis of the planning accuracy with regard to sales and EBIT of MSH for the financial year 2019/ 20 and the YTD November 2020 are shown above. The actual numbers for the year 2019/20 were compared for this purpose with the values planned in the previous year (2019) for the present year. For the financial year 2020/21 the latest planning was referred to.

❶ The planned target for sales in the financial year 2018/19 was almost achieved. The slight deviation of 1.5% results from the weaker development of business in the Netherlands, Spain, Poland and Sweden as well as from the sale of iBood which is not taken into account in the planning. According to the provided information, there was a stronger competitive environment in these countries. There were also technical problems when implementing a new online warehouse in the Netherlands.

❶ The actual sales for the year 2019/20 are approximately EUR 873 million below the value in the planning. The reason for this, according to information from management, is above all the COVID-19 pandemic which has resulted in the anticipated development of overall sales not being able to be realized. After the end of the lockdown in May 2020, sales above the comparable period of the previous year were achieved by the end of fiscal year 2019/20.

❶ MSH was able to exceed the planned sales by 15.4% in October and November 2020, the first two months of the current financial year. Compared to the two months in the previous year, the increase in sales was 20.1%. The drivers for this development were above all successful campaigns in the different country companies of MSH (e.g. related to the reduction of value added tax in Germany in the second calendar half 2020, the Singles Day and Black Friday). The stationary sales increased despite having fewer visitors due to an improved conversion rate as well as a higher average purchasing volume. The growth induced by COVID-19 in the online channel is still continuing and is having a positive influence on the development of sales.

Source: Management information, PwC analysis

Deviations between plan/actual in the last financial year result primarily from the COVID-19 pandemic; the development in the current financial year is positive (2/2)

MSH - Planning accuracy

	2018/19		Deviation		2019/20		Deviation		YTD Nov 2020/21		Deviation	
in EUR million	Plan 18	Actual	in %	abs.	Plan 19	Actual	in %	abs.	Plan 20	prel. Act.	in %	abs.
❶ Revenue	21,779	21,454	(1.5%)	(325)	21,704	20,831	(4.0%)	(873)	4,129	4,765	15.4%	636
❷ EBIT	410	256	(37.5%)	(154)	500	218	(56.4%)	(282)	17	81	376.5%	64

- ❷ The deviation in the planned EBIT in the financial year 2018/19 of 37.4% results primarily from the restructuring expenses in the amount of EUR 175.4 million contained in the actual numbers which were incurred as part of cost-cutting and efficiency-enhancing measures. The EBIT before restructuring expenses in the financial year 2018/19 is EUR 431.9 million and, thus, even slightly better than estimated in the budget planning with around EUR 410 million.
- ❷ The EBIT generated in the financial year 2019/20 is EUR 282 million below the planning made in the previous year. This results primarily from the COVID-19 pandemic. The collapse in sales resulting from the lockdown combined with a shift within the sales channels to the online business with weaker margins was not able to be completely offset by cost savings in the selling, general and administrative costs (including due to short working hours). Furthermore, the year 2019/20 was burdened with restructuring expense of EUR (net) 49.4 million not included in the planning.
- ❷ The cumulated EBIT in the first two months of the current financial year is approximately EUR 64 million above the budget. The greatest portion of this is realized in the regions DACH and Western/Southern Europe.
- ❷ While all country companies were still able to positively contribute to the development of the results in October 2020, the overall picture was weaker in November 2020 as a consequence of new COVID-19 restrictions in individual countries. The German country company was also not able to completely achieve the planned goal for the results despite completely opened physical stores in November 2020.
- We consider the planning accuracy of MSH overall to be sufficient when taking into account COVID-19 and the distortions resulting from IFRS 16 in the last financial year, so that we see no reason to adjust the values in the current planning of MSH for purposes of the valuation. The YTD numbers as of November 2020 confirm the positive development of MSH despite the continuing pandemic, so that the most recent knowledge with regard to the company‘s planning accuracy does not show any reason to modify the current forecasts for purposes of the valuation.
- Which effects the most recently imposed new lockdown with closure of the stores will have on the development of sales and the results of MSH must still be seen. We do not expect any material negative effects on the company which already showed in the first lockdown in the spring of 2020 that it can come out of the crisis in a stronger position compared to the competitors, based on massive growth of the online business.

Source: Management information, PwC analysis

Business plan analysis

Business plan analysis for MSH (1/11)

- The current consolidated business plan prepared by management and used as the basis for the valuation of the MSH Group is shown on the side for the financial year 2020/21 to 2022/23, together with the actual numbers for the financial year 2019/20* for information purposes.

❶ The planned sales are supposed to increase at an average annual rate of 1.9%. Compared to this, external market analysts and researchers estimate the mid-term growth in the consumer electronics market which is relevant for MSH to be at an annual rate of 1.0% (see chapter 2.2). The planned growth of sales for the MSH Group is supposed to be supported above all by the country companies in Germany, Italy, Spain and Poland.

❶ The somewhat higher planned top line growth compared to the market forecasts is supposed to be achieved primarily by the disproportionate increase in sales in the online business as well as supplemental services and customer solutions ("Services & Solutions"). In addition, a stronger expansion of the B2B business in the sense of solution partnerships is intended. There are also recovery effects especially in the first planned year (2020/21) due to the financial year 2019/20 having been burdened by the effects of the COVID-19 pandemic, and especially the stationary business is supposed to contribute to the recovery.

❶ The planning reflects the long-term impacts of the COVID-19 pandemic. The stationary sales are supposed to decrease compared to the financial year 2018/19 in most country companies and will be substituted in the long term by sales from the online business.

Sub-group income statements - Media-Saturn-Holding GmbH

	in EUR million	2019/20 Actual	2020/21 Plan	2021/22 Plan	2022/23 Plan	CAGR FY20-23
❶	Revenue	20,830.5	21,103.0	21,443.0	22,069.0	1.9%
❷	Cost of goods sold	(17,047.7)	(16,988.6)	(17,187.9)	(17,675.8)	1.2%
	Gross profit	**3,782.8**	**4,114.4**	**4,255.1**	**4,393.2**	**5.1%**
❸	Other operating income	196.9	182.2	167.2	143.4	(10.0%)
❹	Selling, general & administrative expenses	(2,871.2)	(3,142.4)	(3,153.8)	(3,213.1)	3.8%
❺	Other operating expenses	(27.9)	-	-	-	n/a
❻	Restructuring expenses	(49.4)	(110.6)	-	-	n/a
	Profit share associates (equity method)	(2.4)	-	-	-	n/a
	Impairment of operating financial assets	(9.8)	-	-	-	n/a
	EBITDA	**1,019.0**	**1,043.6**	**1,268.5**	**1,323.5**	**9.1%**
❼	Depreciation & amortization	(800.9)	(744.2)	(738.5)	(723.5)	(3.3%)
	EBIT incl. restructuring expenses	**218.1**	**299.4**	**530.0**	**600.0**	**40.1%**
	Restructuring expenses	49.4	110.6	-	-	n/a
❽	**EBIT before restructuring expenses**	**267.5**	**410.0**	**530.0**	**600.0**	**30.9%**
	in % of Revenue					
	Gross profit margin	*18.2%*	*19.5%*	*19.8%*	*19.9%*	
	Selling, general & administrative expenses	*(13.8%)*	*(14.9%)*	*(14.7%)*	*(14.6%)*	
	EBITDA margin	*4.9%*	*4.9%*	*5.9%*	*6.0%*	
	EBIT margin (incl. restructuring)	*1.0%*	*1.4%*	*2.5%*	*2.7%*	
	EBIT margin (before restructuring)	*1.3%*	*1.9%*	*2.5%*	*2.7%*	
	Annual growth in %					
	Revenue		*1.3%*	*1.6%*	*2.9%*	
	Cost of goods sold		*(0.3%)*	*1.2%*	*2.8%*	
	Gross profit		*8.8%*	*3.4%*	*3.2%*	
	Other operating income		*(7.5%)*	*(8.2%)*	*(14.2%)*	
	Selling, general & administrative expenses		*9.4%*	*0.4%*	*1.9%*	
	EBITDA		*2.4%*	*21.5%*	*4.3%*	
	EBIT margin (incl. restructuring)		*37.3%*	*77.0%*	*13.2%*	
	EBIT margin (before restructuring)		*53.3%*	*29.3%*	*13.2%*	

* The actual numbers 2019/20 represent the reported numbers after taking into account the portfolio transaction in Greece. It must be noted that the numbers for the year 2019/20 are distorted by effects from the COVID-19 pandemic and, therefore, have only limited comparability with the planned numbers.

Source: Management information, PwC analysis

Business plan analysis for MSH (2/11)

1 The increase in sales from the online business is supposed to result above all from an increase in the so-called "traffic", i.e. the number of visitors to the website of MediaMarkt and Saturn. Especially the pick-up sales (sales which result from picking up goods locally in stores which were ordered online) are supposed to increase, as a result of which synergy effects between stores and the online business are supposed to be generated compared to competitors.

1 MSH has shown in the recent past that it is able to further develop and expand its online shop with attractive offerings, so that the sales targets appear to be quite achievable. The COVID-19 pandemic also has contributed to customers increasingly using the online sales channel. The growth in sales in the online channel in the year 2019/20 compared to 2018/19 was 43.2%.

1 The planning is based on the assumption that the further influence of the COVID-19 pandemic will not materially deviate from the current extent with regard to both the general economic situation as well as CECONOMY's situation. Achieving the planning requires, however, in the view of the management, that there are no further long, widespread closures of a significant part of the physical stores during the course of the COVID-19 pandemic and that there is no major adverse impact on consumer trust and that the supply chains continue to be generally intact. Which effects the most recent lockdown will have on the development of sales of MSH can currently not be reliably assessed. However, we believe that the closures of stores are temporary, so that there is no anticipated collapse in sales compared to the planning in the mid-term and long term, which is why we have not modified the sales planning for purposes of the valuation. It must be noted that the downturn in sales in physical stores can be compensated at least in part by an increase in the online business.

Sub-group income statements - Media-Saturn-Holding GmbH

	in EUR million	2019/20 Actual	2020/21 Plan	2021/22 Plan	2022/23 Plan	CAGR FY20-23
1	Revenue	20,830.5	21,103.0	21,443.0	22,069.0	1.9%
2	Cost of goods sold	(17,047.7)	(16,988.6)	(17,187.9)	(17,675.8)	1.2%
	Gross profit	**3,782.8**	**4,114.4**	**4,255.1**	**4,393.2**	**5.1%**
3	Other operating income	196.9	182.2	167.2	143.4	(10.0%)
4	Selling, general & administrative expenses	(2,871.2)	(3,142.4)	(3,153.8)	(3,213.1)	3.8%
5	Other operating expenses	(27.9)	-	-	-	n/a
6	Restructuring expenses	(49.4)	(110.6)	-	-	n/a
	Profit share associates (equity method)	(2.4)	-	-	-	n/a
	Impairment of operating financial assets	(9.8)	-	-	-	n/a
	EBITDA	**1,019.0**	**1,043.6**	**1,268.5**	**1,323.5**	**9.1%**
7	Depreciation & amortization	(800.9)	(744.2)	(738.5)	(723.5)	(3.3%)
	EBIT incl. restructuring expenses	**218.1**	**299.4**	**530.0**	**600.0**	**40.1%**
	Restructuring expenses	49.4	110.6	-	-	n/a
8	**EBIT before restructuring expenses**	**267.5**	**410.0**	**530.0**	**600.0**	**30.9%**
	in % of Revenue					
	Gross profit margin	*18.2%*	*19.5%*	*19.8%*	*19.9%*	
	Selling, general & administrative expenses	*(13.8%)*	*(14.9%)*	*(14.7%)*	*(14.6%)*	
	EBITDA margin	*4.9%*	*4.9%*	*5.9%*	*6.0%*	
	EBIT margin (incl. restructuring)	*1.0%*	*1.4%*	*2.5%*	*2.7%*	
	EBIT margin (before restructuring)	*1.3%*	*1.9%*	*2.5%*	*2.7%*	
	Annual growth in %					
	Revenue		*1.3%*	*1.6%*	*2.9%*	
	Cost of goods sold		*(0.3%)*	*1.2%*	*2.8%*	
	Gross profit		*8.8%*	*3.4%*	*3.2%*	
	Other operating income		*(7.5%)*	*(8.2%)*	*(14.2%)*	
	Selling, general & administrative expenses		*9.4%*	*0.4%*	*1.9%*	
	EBITDA		*2.4%*	*21.5%*	*4.3%*	
	EBIT margin (incl. restructuring)		*37.3%*	*77.0%*	*13.2%*	
	EBIT margin (before restructuring)		*53.3%*	*29.3%*	*13.2%*	

Source: Management information, PwC analysis

Business plan analysis for MSH (3/11)

❷ The average annual increase in costs of goods sold in the planning period is 1.2% and is, thus, slightly below the average growth of sales, which implies an increase in efficiency. The consequence is that the gross margin develops positively at an average annual rate of 5.1%. While the gross margin in the year 2019/20 was 18.2% according to the actual numbers as a consequence of the COVID-19 pandemic, the margin is supposed to increase up to 19.9% in the planning period mainly due to the increase in the Services & Solutions portion of the overall business. As a consequence of the COVID-19 pandemic, there was a substitution in the sales channels of MSH in favor of the online business with its weaker margins as a result of higher delivery costs as well as effects on the product mix and the mix of sales channels (see chapter 3.2).

❷ The central measures for achieving increases in efficiency accordingly lie in stabilizing the higher-margin stationary business, expanding the Services & Solutions business, and consistently implementing the category management approach:

- growth of sales & market share by customer oriented pricing,
- improved purchasing conditions (central procurement, smaller ranges of products) as well as a focus of the inventory on high margin products,
- purchase price compensation from suppliers (revised supply chain concept with national central warehouses),
- introduction of international bench marking,
- improvement of assortment management (higher quality and availability of inventories as well as reduction of ranges).

• The following pages explain in more detail the split of sales and the gross margin according to regions.

Sub-group income statements - Media-Saturn-Holding GmbH

	in EUR million	2019/20 Actual	2020/21 Plan	2021/22 Plan	2022/23 Plan	CAGR FY20-23
❶	Revenue	20,830.5	21,103.0	21,443.0	22,069.0	1.9%
❷	Cost of goods sold	(17,047.7)	(16,988.6)	(17,187.9)	(17,675.8)	1.2%
	Gross profit	**3,782.8**	**4,114.4**	**4,255.1**	**4,393.2**	**5.1%**
❸	Other operating income	196.9	182.2	167.2	143.4	(10.0%)
❹	Selling, general & administrative expenses	(2,871.2)	(3,142.4)	(3,153.8)	(3,213.1)	3.8%
❺	Other operating expenses	(27.9)	-	-	-	n/a
❻	Restructuring expenses	(49.4)	(110.6)	-	-	n/a
	Profit share associates (equity method)	(2.4)	-	-	-	n/a
	Impairment of operating financial assets	(9.8)	-	-	-	n/a
	EBITDA	**1,019.0**	**1,043.6**	**1,268.5**	**1,323.5**	**9.1%**
❼	Depreciation & amortization	(800.9)	(744.2)	(738.5)	(723.5)	(3.3%)
	EBIT incl. restructuring expenses	**218.1**	**299.4**	**530.0**	**600.0**	**40.1%**
	Restructuring expenses	49.4	110.6	-	-	n/a
❽	**EBIT before restructuring expenses**	**267.5**	**410.0**	**530.0**	**600.0**	**30.9%**
	in % of Revenue					
	Gross profit margin	*18.2%*	*19.5%*	*19.8%*	*19.9%*	
	Selling, general & administrative expenses	*(13.8%)*	*(14.9%)*	*(14.7%)*	*(14.6%)*	
	EBITDA margin	*4.9%*	*4.9%*	*5.9%*	*6.0%*	
	EBIT margin (incl. restructuring)	*1.0%*	*1.4%*	*2.5%*	*2.7%*	
	EBIT margin (before restructuring)	*1.3%*	*1.9%*	*2.5%*	*2.7%*	
	Annual growth in %					
	Revenue		*1.3%*	*1.6%*	*2.9%*	
	Cost of goods sold		*(0.3%)*	*1.2%*	*2.8%*	
	Gross profit		*8.8%*	*3.4%*	*3.2%*	
	Other operating income		*(7.5%)*	*(8.2%)*	*(14.2%)*	
	Selling, general & administrative expenses		*9.4%*	*0.4%*	*1.9%*	
	EBITDA		*2.4%*	*21.5%*	*4.3%*	
	EBIT margin (incl. restructuring)		*37.3%*	*77.0%*	*13.2%*	
	EBIT margin (before restructuring)		*53.3%*	*29.3%*	*13.2%*	

Source: Management Informationen, PwC Analysis

Business plan analysis for MSH (4/11)

- All four regions of MSH show growth rates of sales above the externally forecasted growth of the European CE market for the years 2020 to 2024 of 1.0%.
- More than half of the (absolute) increase in sales is to be generated in the DACH region. The main driver for this is the further increase in the market share of online retail. This development is to be supported by improvements to sales platforms and initiatives to increase sales of services and solutions in the digital area. In 2020/21, a significant recovery in sales from bricks-and-mortar retail is also expected compared with 2019/20.
- In Italy and Spain, MSH operates the Group's second and third largest national companies. These countries are included in the Western and Southern Europe region, where sales are expected to grow by an average of 2.0% per year. Here, too, the main growth driver is online business, which is expected to expand further beyond the level already seen during the COVID-19 pandemic. External market observers expect an average annual growth rate for online retail of 4.6% for the Western and Southern Europe region. For bricks-and-mortar retail, MSH expects an extensive recovery to pre-crisis levels in the foreseeable future.
- Sales in the Eastern Europe region are planned to increase by 1.5% per year. External market observers expect growth opportunities of 2.8% for the period up to 2024, driven both by online retail in Poland and online and stationary retail in Turkey.

Revenue - Breakdown by region

in EUR million	2019/20 Actual	2020/21 Plan	2021/22 Plan	2022/23 Plan	CAGR FY20-23
DACH	12,323.5	12,543.0	12,724.7	13,055.5	1.9%
Western/Southern Europe	6,431.4	6,559.3	6,646.8	6,822.7	2.0%
Eastern Europe	1,610.8	1,529.0	1,588.7	1,685.5	1.5%
Other	464.9	471.6	482.8	505.4	2.8%
Revenue	**20,830.5**	**21,103.0**	**21,443.0**	**22,069.0**	**1.9%**

- In the Other region (Sweden), sales are expected to grow by 2.8% annually. External market analysts expect the CE market in Sweden to grow by an average of 0.5% per year until 2024. Management sees the main reasons for MSH's disproportionate growth as rising sales revenues from Click & Collect, the Services & Solutions business, and online retailing.

Source: Management information, PwC-Analysis

Business plan analysis for MSH (5/11)

- The gross margin in the DACH region is expected to increase from 19.9% in 2019/20 to 22.0% in 2022/23. Measures to stabilize higher-margin stationary sales and measures in the Services & Solutions area should lead to an increase in efficiency. Measures to optimize category and logistics management ("Drop Shipment") are also expected to contribute to a long-term improvement in gross margin.
- In the Western and Southern Europe region, following the increase in 2020/21 as a result of the low level in the previous year due to the pandemic, a comparatively constant development with a gross profit margin of 17.0% is expected. In addition to optimization measures relating to the stationary and Services & Solutions businesses, a margin-improving product mix for digital sales was already achieved in financial year 2019/20, which is also expected for the planning period.
- With a CAGR of 6.8%, the highest annual growth rate in gross profit is expected for the Eastern Europe region. On the one hand, this is expected to result from sales growth in the Online and Services & Solutions businesses following the implementation of new online platforms in the planning period, as well as a stronger focus on the conversion rate and improved marketing and campaign planning. On the other hand, purchasing conditions are to be improved and a stronger focus on items with comparatively high profitability is to be achieved.
- In the Other region (Sweden), gross profit is expected to grow by an average of 6.5% per year. The main drivers of this development are again expected to be a growing Services & Solutions business and stronger online trading.

Gross profit - Breakdown by region

in EUR million	2019/20 Actual	2020/21 Plan	2021/22 Plan	2022/23 Plan	CAGR FY20-23
DACH	2,458.1	2,687.3	2,774.7	2,868.9	5.3%
Western/Southern Europe	1,023.4	1,117.0	1,141.5	1,162.0	4.3%
Eastern Europe	225.2	230.8	254.5	274.4	6.8%
Other	72.9	79.2	84.5	88.0	6.5%
Depreciation & amortization	3.1	-	-	-	n/a
Gross profit	**3,782.8**	**4,114.4**	**4,255.1**	**4,393.2**	**5.1%**
as % of revenue					
DACH	*19.9%*	*21.4%*	*21.8%*	*22.0%*	
Western/Southern Europe	*15.9%*	*17.0%*	*17.2%*	*17.0%*	
Eastern Europe	*14.0%*	*15.1%*	*16.0%*	*16.3%*	
Other	*15.7%*	*16.8%*	*17.5%*	*17.4%*	

Source: Management information, PwC-Analysis

Business plan analysis for MSH (6/11)

- ❸ During the observation period, the other operating income is supposed to decrease at an annual average rate of 10.0% from EUR 196.9 million in the financial year 2019/20 to EUR 143.4 million in 2022/23. The other operating income accordingly develops in a manner contrary to the development of sales.
- ❸ The high other operating income of EUR 196.9 million in the financial year 2019/20 was based in part on special situations. This involved, among other aspects, income from capitalizing the Greek joint venture (EUR 28 million) and the deconsolidation of the independent Greek markets (EUR 10 million) as well as from government subsidies due to market closures resulting from the COVID-19 pandemic (EUR 4 million). Such income is not expected in the planned years, so that the other operating income falls to EUR 143.4 million in 2022/23.
- ❹ The planning for the selling, general and administrative costs, as discussed in chapter 3.2, is expressed in one sum. Therefore, only the review of the total costs makes sense. For the planning period an average annual increase of 3.8% is expected.
- ❹ The relatively low selling, general and administrative costs ratio in the financial year 2019/20 is influenced by effects from the COVID-19 pandemic because, for example, the largest country Germany profited from compensation for short-time work payments. Starting in 2020/21, comparable cost savings are not expected.

Sub-group income statements - Media-Saturn-Holding GmbH

	in EUR million	2019/20 Actual	2020/21 Plan	2021/22 Plan	2022/23 Plan	CAGR FY20-23
❶	Revenue	20,830.5	21,103.0	21,443.0	22,069.0	1.9%
❷	Cost of goods sold	(17,047.7)	(16,988.6)	(17,187.9)	(17,675.8)	1.2%
	Gross profit	**3,782.8**	**4,114.4**	**4,255.1**	**4,393.2**	**5.1%**
❸	Other operating income	196.9	182.2	167.2	143.4	(10.0%)
❹	Selling, general & administrative expenses	(2,871.2)	(3,142.4)	(3,153.8)	(3,213.1)	3.8%
❺	Other operating expenses	(27.9)	-	-	-	n/a
❻	Restructuring expenses	(49.4)	(110.6)	-	-	n/a
	Profit share associates (equity method)	(2.4)	-	-	-	n/a
	Impairment of operating financial assets	(9.8)	-	-	-	n/a
	EBITDA	**1,019.0**	**1,043.6**	**1,268.5**	**1,323.5**	**9.1%**
❼	Depreciation & amortization	(800.9)	(744.2)	(738.5)	(723.5)	(3.3%)
	EBIT incl. restructuring expenses	**218.1**	**299.4**	**530.0**	**600.0**	**40.1%**
	Restructuring expenses	49.4	110.6	-	-	n/a
❽	**EBIT before restructuring expenses**	**267.5**	**410.0**	**530.0**	**600.0**	**30.9%**
	in % of Revenue					
	Gross profit margin	*18.2%*	*19.5%*	*19.8%*	*19.9%*	
	Selling, general & administrative expenses	*(13.8%)*	*(14.9%)*	*(14.7%)*	*(14.6%)*	
	EBITDA margin	*4.9%*	*4.9%*	*5.9%*	*6.0%*	
	EBIT margin (incl. restructuring)	*1.0%*	*1.4%*	*2.5%*	*2.7%*	
	EBIT margin (before restructuring)	*1.3%*	*1.9%*	*2.5%*	*2.7%*	
	Annual growth in %					
	Revenue		*1.3%*	*1.6%*	*2.9%*	
	Cost of goods sold		*(0.3%)*	*1.2%*	*2.8%*	
	Gross profit		*8.8%*	*3.4%*	*3.2%*	
	Other operating income		*(7.5%)*	*(8.2%)*	*(14.2%)*	
	Selling, general & administrative expenses		*9.4%*	*0.4%*	*1.9%*	
	EBITDA		*2.4%*	*21.5%*	*4.3%*	
	EBIT margin (incl. restructuring)		*37.3%*	*77.0%*	*13.2%*	
	EBIT margin (before restructuring)		*53.3%*	*29.3%*	*13.2%*	

Source: Management information, PwC-Analysis

Business plan analysis for MSH (7/11)

- ❹ The cost of sales and administrative costs ratio is supposed to decrease from 14.9% to 14.6% in the planning period. This results, among other reasons, from the costs and efficiency program carried out in the previous year. Although the program has been concluded, there are permanent cost savings which are reflected for the first time in the year 2020/21 as a result of the centralization and the shared service center benefit.
- ❹ The planning of selling, general and administrative costs takes into account additional savings of around EUR 80 million resulting from the establishment of the Operating Model in 2021/22. The savings effects from this are supposed to increase to approximately EUR 95 million in 2022/23. Additional savings are supposed to result in all planned years from the store closures that have already been decided.
- ❹ The savings effects from the optimized Operating Model result primarily from the reduction of approximately 3,500 employees and, thus, reduced costs for personnel. The highest reduction of jobs in terms of absolute numbers is in Germany, Poland and the "country cluster" Iberia (see the next page). Contrary to this development, the number of employees in the holding company is supposed to increase as a result of centralization of responsibilities.

Sub-group income statements - Media-Saturn-Holding GmbH

	in EUR million	2019/20 Actual	2020/21 Plan	2021/22 Plan	2022/23 Plan	CAGR FY20-23
❶	Revenue	20,830.5	21,103.0	21,443.0	22,069.0	1.9%
❷	Cost of goods sold	(17,047.7)	(16,988.6)	(17,187.9)	(17,675.8)	1.2%
	Gross profit	**3,782.8**	**4,114.4**	**4,255.1**	**4,393.2**	**5.1%**
❸	Other operating income	196.9	182.2	167.2	143.4	(10.0%)
❹	Selling, general & administrative expenses	(2,871.2)	(3,142.4)	(3,153.8)	(3,213.1)	3.8%
❺	Other operating expenses	(27.9)	-	-	-	n/a
❻	Restructuring expenses	(49.4)	(110.6)	-	-	n/a
	Profit share associates (equity method)	(2.4)	-	-	-	n/a
	Impairment of operating financial assets	(9.8)	-	-	-	n/a
	EBITDA	**1,019.0**	**1,043.6**	**1,268.5**	**1,323.5**	**9.1%**
❼	Depreciation & amortization	(800.9)	(744.2)	(738.5)	(723.5)	(3.3%)
	EBIT incl. restructuring expenses	**218.1**	**299.4**	**530.0**	**600.0**	**40.1%**
	Restructuring expenses	49.4	110.6	-	-	n/a
❽	**EBIT before restructuring expenses**	**267.5**	**410.0**	**530.0**	**600.0**	**30.9%**
	in % of Revenue					
	Gross profit margin	*18.2%*	*19.5%*	*19.8%*	*19.9%*	
	Selling, general & administrative expenses	*(13.8%)*	*(14.9%)*	*(14.7%)*	*(14.6%)*	
	EBITDA margin	*4.9%*	*4.9%*	*5.9%*	*6.0%*	
	EBIT margin (incl. restructuring)	*1.0%*	*1.4%*	*2.5%*	*2.7%*	
	EBIT margin (before restructuring)	*1.3%*	*1.9%*	*2.5%*	*2.7%*	
	Annual growth in %					
	Revenue		*1.3%*	*1.6%*	*2.9%*	
	Cost of goods sold		*(0.3%)*	*1.2%*	*2.8%*	
	Gross profit		*8.8%*	*3.4%*	*3.2%*	
	Other operating income		*(7.5%)*	*(8.2%)*	*(14.2%)*	
	Selling, general & administrative expenses		*9.4%*	*0.4%*	*1.9%*	
	EBITDA		*2.4%*	*21.5%*	*4.3%*	
	EBIT margin (incl. restructuring)		*37.3%*	*77.0%*	*13.2%*	
	EBIT margin (before restructuring)		*53.3%*	*29.3%*	*13.2%*	

Source: Management information, PwC Analysis

Business plan analysis for MSH (8/11)

❹ In addition to savings in the costs for personnel, the planning also reflects increases in efficiency. Under the Operating Model, the structures at the headquarters and in the country organizations are supposed to be streamlined and result in faster and more consistent processes, including as a result of uniformity of the management roles and departments in all countries. In addition, individual country companies are supposed to be combined into so-called "country clusters", e.g. Benelux. The organization of the stores is also supposed to be standardized. At the same time, the focus of the stores on customer experience as well as store productivity are supposed to increase, including by transferring administrative responsibilities to the country companies and the headquarters. Productivity tools such as the sales app and the PICK'N'PACK app as well as the training program "Passion for Customer" are supposed to be introduced for this purpose.

❺ Other operating expenses, according to the provided information, are combined and also planned in other line items for reasons of simplification.

❻ The savings already explained in the context of the selling, general and administrative costs resulting from the introduction of the Operating Model are offset by the initial costs for the optimized Operating Model, above all for severance payments, and amount to a total of approximately EUR 133 million. Of this amount, EUR 72.4 million has already been incurred in 2019/20, and EUR 60.6 million are expected in 2020/21. Additional costs totalling EUR 58.3 million result from the closure of a select number of stores (EUR 8.3 million in 2019/20, EUR 50.0 million in 2020/21). The costs of EUR 80.7 million in 2019/20 are offset by income from the cost and efficiency program of EUR 31.3 million (mainly in connection with the Greece JV), so that restructuring expenses total EUR 49.4 million this year.

Sub-group income statements - Media-Saturn-Holding GmbH

	in EUR million	2019/20 Actual	2020/21 Plan	2021/22 Plan	2022/23 Plan	CAGR FY20-23
❶	Revenue	20,830.5	21,103.0	21,443.0	22,069.0	1.9%
❷	Cost of goods sold	(17,047.7)	(16,988.6)	(17,187.9)	(17,675.8)	1.2%
	Gross profit	**3,782.8**	**4,114.4**	**4,255.1**	**4,393.2**	**5.1%**
❸	Other operating income	196.9	182.2	167.2	143.4	(10.0%)
❹	Selling, general & administrative expenses	(2,871.2)	(3,142.4)	(3,153.8)	(3,213.1)	3.8%
❺	Other operating expenses	(27.9)	-	-	-	n/a
❻	Restructuring expenses	(49.4)	(110.6)	-	-	n/a
	Profit share associates (equity method)	(2.4)	-	-	-	n/a
	Impairment of operating financial assets	(9.8)	-	-	-	n/a
	EBITDA	**1,019.0**	**1,043.6**	**1,268.5**	**1,323.5**	**9.1%**
❼	Depreciation & amortization	(800.9)	(744.2)	(738.5)	(723.5)	(3.3%)
	EBIT incl. restructuring expenses	**218.1**	**299.4**	**530.0**	**600.0**	**40.1%**
	Restructuring expenses	49.4	110.6	-	-	n/a
❽	**EBIT before restructuring expenses**	**267.5**	**410.0**	**530.0**	**600.0**	**30.9%**
	in % of Revenue					
	Gross profit margin	*18.2%*	*19.5%*	*19.8%*	*19.9%*	
	Selling, general & administrative expenses	*(13.8%)*	*(14.9%)*	*(14.7%)*	*(14.6%)*	
	EBITDA margin	*4.9%*	*4.9%*	*5.9%*	*6.0%*	
	EBIT margin (incl. restructuring)	*1.0%*	*1.4%*	*2.5%*	*2.7%*	
	EBIT margin (before restructuring)	*1.3%*	*1.9%*	*2.5%*	*2.7%*	
	Annual growth in %					
	Revenue		*1.3%*	*1.6%*	*2.9%*	
	Cost of goods sold		*(0.3%)*	*1.2%*	*2.8%*	
	Gross profit		*8.8%*	*3.4%*	*3.2%*	
	Other operating income		*(7.5%)*	*(8.2%)*	*(14.2%)*	
	Selling, general & administrative expenses		*9.4%*	*0.4%*	*1.9%*	
	EBITDA		*2.4%*	*21.5%*	*4.3%*	
	EBIT margin (incl. restructuring)		*37.3%*	*77.0%*	*13.2%*	
	EBIT margin (before restructuring)		*53.3%*	*29.3%*	*13.2%*	

Source: Management Informationen, PwC Analysis

Business plan analysis for MSH (9/11)

7 Starting in this year, the planning is prepared to take into account the implementation of the requirements under IFRS 16. The depreciation is accordingly higher compared to the previous planning and now relates to the capitalized rights of use under leases (the Right of Use Assets). The depreciation falls in the observed period slightly from EUR 800.9 million in 2019/20 to EUR 723.5 million in 2022/23. The average annual reduction of the depreciation is 3.3%. The decrease relates especially to depreciation on rights of use which constitute 71.5% of the total depreciation in 2020/21 and which is supposed to decrease to a portion of 70.1% by 2022/23.

8 The EBIT before restructuring expenses is supposed to increase from EUR 267.5 million in 2019/20 to EUR 600.0 million in 2022/23, which corresponds to an average annual rate of growth of 30.9%. The largest absolute growth of EUR 142.5 million is supposed to be realized in 2020/21, which mainly can be related to the recovery from the effects of the COVID-19 pandemic. The EBIT margin (before restructuring) is supposed to increase in the planning period to 2.7%. The long-term increase in the margin results primarily from the top-line growth combined with the improved costs structure on the level of costs of goods sold as well as selling, general and administrative costs. Starting in 2021/22, the savings with regard to personnel and increases in efficiency related to the costs of goods sold are supposed to result among others from the unified Operating Model, as has been described above.

Sub-group income statements - Media-Saturn-Holding GmbH

	in EUR million	2019/20 Actual	2020/21 Plan	2021/22 Plan	2022/23 Plan	CAGR FY20-23
1	Revenue	20,830.5	21,103.0	21,443.0	22,069.0	1.9%
2	Cost of goods sold	(17,047.7)	(16,988.6)	(17,187.9)	(17,675.8)	1.2%
	Gross profit	**3,782.8**	**4,114.4**	**4,255.1**	**4,393.2**	**5.1%**
3	Other operating income	196.9	182.2	167.2	143.4	(10.0%)
4	Selling, general & administrative expenses	(2,871.2)	(3,142.4)	(3,153.8)	(3,213.1)	3.8%
5	Other operating expenses	(27.9)	-	-	-	n/a
6	Restructuring expenses	(49.4)	(110.6)	-	-	n/a
	Profit share associates (equity method)	(2.4)	-	-	-	n/a
	Impairment of operating financial assets	(9.8)	-	-	-	n/a
	EBITDA	**1,019.0**	**1,043.6**	**1,268.5**	**1,323.5**	**9.1%**
7	Depreciation & amortization	(800.9)	(744.2)	(738.5)	(723.5)	(3.3%)
	EBIT incl. restructuring expenses	**218.1**	**299.4**	**530.0**	**600.0**	**40.1%**
	Restructuring expenses	49.4	110.6	-	-	n/a
8	**EBIT before restructuring expenses**	**267.5**	**410.0**	**530.0**	**600.0**	**30.9%**
	in % of Revenue					
	Gross profit margin	*18.2%*	*19.5%*	*19.8%*	*19.9%*	
	Selling, general & administrative expenses	*(13.8%)*	*(14.9%)*	*(14.7%)*	*(14.6%)*	
	EBITDA margin	*4.9%*	*4.9%*	*5.9%*	*6.0%*	
	EBIT margin (incl. restructuring)	*1.0%*	*1.4%*	*2.5%*	*2.7%*	
	EBIT margin (before restructuring)	*1.3%*	*1.9%*	*2.5%*	*2.7%*	
	Annual growth in %					
	Revenue		*1.3%*	*1.6%*	*2.9%*	
	Cost of goods sold		*(0.3%)*	*1.2%*	*2.8%*	
	Gross profit		*8.8%*	*3.4%*	*3.2%*	
	Other operating income		*(7.5%)*	*(8.2%)*	*(14.2%)*	
	Selling, general & administrative expenses		*9.4%*	*0.4%*	*1.9%*	
	EBITDA		*2.4%*	*21.5%*	*4.3%*	
	EBIT margin (incl. restructuring)		*37.3%*	*77.0%*	*13.2%*	
	EBIT margin (before restructuring)		*53.3%*	*29.3%*	*13.2%*	

Source: Management information, PwC Analysis

Business plan analysis for MSH (10/11)

- In its planning, MSH expects a positive EBIT margin in all regions except Sweden. Due to the highly competitive market situation in Sweden, no turnaround is expected in the planning period, but cost-cutting measures are expected to bring about a significant improvement in EBIT margin.
- A significant recovery of the overall market is expected in 2020/21. The most significant catch-up effects are expected to come from MSH's biggest national companies. In addition to Germany in the DACH region, these are Spain and Italy in particular in the Western and Southern Europe region.
- Spain and Italy were affected by particularly long COVID-19 induced store closures in 2019/20. The two countries are expected to make a major contribution to the EUR 50.5 million increase in EBIT in the Western and Southern Europe region in 2020/21.
- In the Eastern Europe region, negative EBIT was achieved in 2019/20. This resulted in particular from the negative sales and margin development in Poland, which was significantly impacted by the COVID-19 pandemic. Although Turkey achieved slightly higher earnings in 2019/20 than in the previous year, the result will be impacted by currency effects.
- The drivers for the overall positive EBIT development at MSH Group level are, in addition to catch-up effects as the COVID-19 pandemic subsides, the expected growth of the online business, accelerated sales from the Services & Solutions business, and long-term cost savings as a result of the implementation of the operating model and the closure of loss-making sites.

EBIT - Breakdown by region

in EUR million	2019/20 Actual	2020/21 Plan	2021/22 Plan	2022/23 Plan	CAGR FY20-23
DACH	297.3	330.5	411.4	467.7	16.3%
Western/Southern Europe	41.2	91.7	115.5	123.1	44.1%
Eastern Europe	(36.5)	6.6	16.3	20.7	n/a
Other	(34.4)	(18.8)	(13.2)	(11.5)	n/a
EBIT	**267.5**	**410.0**	**530.0**	**600.0**	**30.9%**
as % of revenue					
DACH	*2.4%*	*2.6%*	*3.2%*	*3.6%*	
Western/Southern Europe	*0.6%*	*1.4%*	*1.7%*	*1.8%*	
Eastern Europe	*-2.3%*	*0.4%*	*1.0%*	*1.2%*	
Other	*-7.4%*	*-4.0%*	*-2.7%*	*-2.3%*	

Source: Management information, PwC Analysis

Business plan analysis for MSH (11/11)

- The current lockdown is not expected to have any material effects for the valuation carried out here. After all, the valuation depends on the long-term development of profits which, for technical purposes, are reflected in the terminal value to which a large portion of the value of MSH as well as CECONOMY is attributed. The short-term COVID-19 induced closure of the MSH stores has hardly any influence on the long-term development of sales and earnings. In the long term, according to our assessment, the sales and results at MSH could well develop as indicated in the current management planning. Therefore, we have not made any changes to the business plan and have not modified the premises for purpose of this valuation.

Sub-group income statements - Media-Saturn-Holding GmbH

	in EUR million	2019/20 Actual	2020/21 Plan	2021/22 Plan	2022/23 Plan	CAGR FY20-23
1	Revenue	20,830.5	21,103.0	21,443.0	22,069.0	1.9%
2	Cost of goods sold	(17,047.7)	(16,988.6)	(17,187.9)	(17,675.8)	1.2%
	Gross profit	**3,782.8**	**4,114.4**	**4,255.1**	**4,393.2**	**5.1%**
3	Other operating income	196.9	182.2	167.2	143.4	(10.0%)
4	Selling, general & administrative expenses	(2,871.2)	(3,142.4)	(3,153.8)	(3,213.1)	3.8%
5	Other operating expenses	(27.9)	-	-	-	n/a
6	Restructuring expenses	(49.4)	(110.6)	-	-	n/a
	Profit share associates (equity method)	(2.4)	-	-	-	n/a
	Impairment of operating financial assets	(9.8)	-	-	-	n/a
	EBITDA	**1,019.0**	**1,043.6**	**1,268.5**	**1,323.5**	**9.1%**
7	Depreciation & amortization	(800.9)	(744.2)	(738.5)	(723.5)	(3.3%)
	EBIT incl. restructuring expenses	**218.1**	**299.4**	**530.0**	**600.0**	**40.1%**
	Restructuring expenses	49.4	110.6	-	-	n/a
8	**EBIT before restructuring expenses**	**267.5**	**410.0**	**530.0**	**600.0**	**30.9%**
	in % of Revenue					
	Gross profit margin	*18.2%*	*19.5%*	*19.8%*	*19.9%*	
	Selling, general & administrative expenses	*(13.8%)*	*(14.9%)*	*(14.7%)*	*(14.6%)*	
	EBITDA margin	*4.9%*	*4.9%*	*5.9%*	*6.0%*	
	EBIT margin (incl. restructuring)	*1.0%*	*1.4%*	*2.5%*	*2.7%*	
	EBIT margin (before restructuring)	*1.3%*	*1.9%*	*2.5%*	*2.7%*	
	Annual growth in %					
	Revenue		*1.3%*	*1.6%*	*2.9%*	
	Cost of goods sold		*(0.3%)*	*1.2%*	*2.8%*	
	Gross profit		*8.8%*	*3.4%*	*3.2%*	
	Other operating income		*(7.5%)*	*(8.2%)*	*(14.2%)*	
	Selling, general & administrative expenses		*9.4%*	*0.4%*	*1.9%*	
	EBITDA		*2.4%*	*21.5%*	*4.3%*	
	EBIT margin (incl. restructuring)		*37.3%*	*77.0%*	*13.2%*	
	EBIT margin (before restructuring)		*53.3%*	*29.3%*	*13.2%*	

Source: Management information, PwC Analysis

Basis of valuation

Approach and key premises (1/2)

- Below we provide an overview of the methodological approach when deriving the business value (market value of the equity capital) in MSH as of 17 February 2021.
- The business value generally equals the sum of the values of the operating and non-essential operating assets. MSH has as of 30 September 2020, according to the actual numbers for the year 2019/20, liquid funds of EUR 1,341.3 million. According to provided information, the funds are needed to maintain the operational business activities. We were provided in this regard with an overview of the development of the liquid funds. To the extent liquid funds are needed for operations, we have taken them into account in the NWC. According to the provided information, MSH currently does not have any material non-essential operating assets.
- In order to determine the value of the operating assets, a projection for a detailed planning phase (Phase I) and the subsequent period (Phase II, so-called terminal value) must be prepared. We considered for Phase I a planning period of three financial years from 2020/21 (budget) to 2022/23 (mid-term plan). The projection of MSH prepared for this purpose is based on the consolidated business plan of the company for the referenced financial years which we initially checked for reasonability on the basis of an analysis of the past for the financial years 2017/18 to 2019/20, including an analysis of the planning accuracy.
- For this purpose, extraordinary components in the results (primarily restructuring expenses) in the past were identified and transitioned to have a normalized result (EBIT before restructuring expenses).
- The verification of the reasonability of the planning assumptions was also carried out on the basis of the planning documentation provided by the company, the provided information as well as by reference to external industry and market data which were also provided by management.
- The subject of the determination of value of the operating assets initially involves the derivation of future earnings before interest and taxes (EBIT). In order to arrive at the sustained EBIT starting in 2023/24 (Phase II), basically the values for the last planning year were extrapulated with a modification of a sustainable growth rate of 0.5%. For the reinvestment rate to be applied in Phase II instead of depreciation, it was assumed that the depreciation corresponds to the sustainable investment requirements.
- The forecast EBITs were subsequently transitioned to free cash flows to be discounted. The EBITs were initially reduced by corporate taxes assuming an unlevered business (fictitious corporate taxes). We derived the corporate taxes in the detailed planning period by taking into account the effective tax rates implied in the business plan of MSH. The effective tax payments taken into account in the company‘s business plan were determined at the level of the individual national companies by taking into account the specific tax rules in the country as well as any existing tax loss carryforwards.

Approach and key premises (2/2)

- When determining the income taxes in the terminal value phase, we reflected in the calculation the effective group tax rate of MSH. We deducted from the long-term income tax burden any existing tax loss carryforwards for tax purposes at the national level existing at the end of the detailed planning period by taking into account the ability to use such tax loss carryforwards for the time limit specific to the respective country in the form of an annuity of the tax savings.
- In order to derive the free cash flows attriutable to the providers of equity capital and debt, non-cash earnings and expenses were also eliminated on the basis of a plan balance sheet and replaced by the corresponding cash in and outflows. Therefore, among other aspects, investments must be considered instead of depreciation, and P&L neutral charges in other assets and debt, e.g. net working capital, must be taken into account.
- We have taken into account the shares attributable to minorities in the respective planned years (these are primarily the managing directors for the respective markets) in the annual results of the relevant companies when determining the free cash flows.
- We have discounted the free cash flows using the weighted average cost of capital ("WACC") to the valuation date for the overall fair market value of the enterprise. The underlying considerations and values when determining the discount rate are described in chapter 3.6.
- A full distribution of the annual profit is assumed in the detailed planning period and in the terminal value phase.
- The value of the operating assets (market value of the equity capital) is determined by deducting the market value of the interest bearing debt from the total market value of the enterprise.
- Minority participations of MSH in the Russian company M.video (15%) as well as the Greek joint venture with Olympia Group Ltd. (25%), PMG Retail Market Ltd. with its registered office in Cyprus, are subsequently added as special values to the market value of the equity capital.
- We have determined on this basis initially the total enterprise value of MSH as of 30 September 2020 (in the sense of a technical valuation date). Reliable financial statement data for MSH exists for this date and the planning of the company also extends in each case to the financial year beginning on 1 October and ending on 30 September, so that all relevant documents are available as of the technical valuation date of 30 September 2020.
- We deducted the net debt as of 30 September 2020 from the total enterprise value, in order to determine the fair market value of the equity of MSH as of the technical valuation date.
- We compounded the equity value of MSH as of 30 September 2020 using the cost of equity to 17 February 2021, in order to arrive at the fair market value of the equity of MSH as of 17 February 2021, which, assuming equal assumptions, can also be derived applying the discounted earnings method.

Expected free cash flows

Derivation of free cash flows to be discounted (1/3)

- The basis for deriving the free cash flows consists of the business plan of MSH analyzed in chapter 3.3. The following table shows the derivation of the free cash flows of MSH to be discounted during the detailed planning period 2020/21 to 2022/23 as well as for the terminal value period ("TV") starting with the year 2023/24. The individual positions are briefly explained below:

❶ We have assumed for the terminal value a sustained earnings growth of 0.5%.

❷ MSH's corporate taxes on EBIT increase in the detailed planning period from EUR 105.9 million in 2020/21 to EUR 174.1 million in 2021/22 and further to EUR 193.6 million in 2022/23. This corresponds to a decrease in the effective tax rate from 35.4% (2020/21) via 32.8% (2021/22) to 32.3% in 2022/23. We have derived the corporate taxes applied taking into account the effective tax rate resulting from the MSH planning calculation.

❷ In the terminal value period, corporate taxes amount to EUR 194.8 million. This corresponds to a tax rate of around 30.5% of the sustainably budgeted EBT according to IFRS, reduced by the annuity tax savings of EUR 3.8 million from the tax loss carryforwards still existing and usable at the level of the national companies at the end of the detailed planning period. Due to this positive effect, the effective tax rate is reduced from 30.5% to 30.0%. As the deferred tax assets on the loss carryforwards at RTS Germany and xplace Germany have already been written down, these loss carryforwards were not recognized in the calculation of the annuity tax savings.

	MSH - Discounted cash flow in EUR million	2020/21 Plan	2021/22 Plan	2022/23 Plan	from 2023/24 TV
❶	**EBITDA**	**1,043.6**	**1,268.5**	**1,323.5**	**1,330.1**
	EBITDA margin	*4.9%*	*5.9%*	*6.0%*	*6.0%*
❷	Depreciation & amortization	(744.2)	(738.5)	(723.5)	(679.7)
	EBIT	**299.4**	**530.0**	**600.0**	**650.4**
	EBIT margin	*1.4%*	*2.5%*	*2.7%*	*2.9%*
	Corporate tax	(105.9)	(174.1)	(193.6)	(194.8)
❸	**NOPLAT**	**193.5**	**355.9**	**406.4**	**455.6**
	Depreciation & amortization	744.2	738.5	723.5	679.7
	Capital expenditures	(592.3)	(613.6)	(652.4)	(679.7)
❹	Change in net working capital	(220.1)	(207.6)	(183.4)	(1.7)
❺	Profit attributable to non-controlling shareholders	(4.4)	(8.4)	(9.6)	(10.8)
❻	**Free cash flow to be discounted**	**120.9**	**264.8**	**284.5**	**443.1**

Tax Loss carryforwards as of 30 September 2023 in EUR million	Corporation tax	Trade tax	Annuity of tax savings
Media Belgium	97.5	-	-
Media Switzerland	71.0	71.0	0.9
Media-Saturn Germany	36.8	29.0	0.9
Media Spain	2.1	-	0.0
Media Hungary	0.1	-	0.0
Media Luxemberg	19.1	-	0.1
Media Netherlands	67.9	-	1.5
Media Poland	0.7	-	0.0
Media Portugal	14.7	0.0	0.2
RTS Germany	34.4	50.3	-
Media-Saturn Sweden	465.2	-	-
xplace Germany	7.6	7.4	-
Total	**817.2**	**157.8**	**3.8**

Source: Management information PwC analysis

Derivation of free cash flows to be discounted (2/3)

❸ From the current fiscal year 2020/21, planning is prepared taking into account the implementation of the requirements under IFRS 16. Depreciation and amortization is correspondingly higher than in previous fiscal years and now also relates to capitalized rights of use from leases (right of use assets). In addition to the investments in intangible assets and property, plant and equipment, the (re)investments in the right of use assets also have to be charged in the future.

❸ Depreciation and amortization of EUR 744.2 million is budgeted for 2020/21. Of this, 71.5% relates to rights of use, 23.7% to property, plant and equipment, and 4.8% to intangible assets. In fiscal 2021/22, depreciation and amortization is expected to decrease moderately to EUR 738.5 million. In the final year of the plan, depreciation and amortization amount to EUR 723.5 million. Of this, only 70.1% relates to rights of use and 22.6% to property, plant and equipment. The share of depreciation on intangible assets increases to 7.3%. According to the information provided, this results from the increased capitalization of internally generated software in the course of the digitization of business activities (including the promotion of online business and the IT optimization of supply chain and logistics management).

❸ Over the terminal value period, we have assumed annual depreciation and capital expenditure totalling EUR 679.7 million each. We have assumed that investments at this level are necessary to support the assumed sustainable growth. The increase in investments over the period under report is mainly due to the planned modularization and modernization of stores, the establishment of a central logistics system, and the planned downsizing of sales areas.

	MSH - Discounted cash flow in EUR million	2020/21 Plan	2021/22 Plan	2022/23 Plan	from 2023/24 TV
❶	**EBITDA**	**1,043.6**	**1,268.5**	**1,323.5**	**1,330.1**
	EBITDA margin	*4.9%*	*5.9%*	*6.0%*	*6.0%*
❷	Depreciation & amortization	(744.2)	(738.5)	(723.5)	(679.7)
	EBIT	**299.4**	**530.0**	**600.0**	**650.4**
	EBIT margin	*1.4%*	*2.5%*	*2.7%*	*2.9%*
	Corporate tax	(105.9)	(174.1)	(193.6)	(194.8)
❸	**NOPLAT**	**193.5**	**355.9**	**406.4**	**455.6**
	Depreciation & amortization	744.2	738.5	723.5	679.7
	Capital expenditures	(592.3)	(613.6)	(652.4)	(679.7)
❹	Change in net working capital	(220.1)	(207.6)	(183.4)	(1.7)
❺	Profit attributable to non-controlling shareholders	(4.4)	(8.4)	(9.6)	(10.8)
❻	**Free cash flow to be discounted**	**120.9**	**264.8**	**284.5**	**443.1**

❹ MSH's capital expenditure was derived on the basis of the balance sheet planning. In the financial year 2020/21, investments are expected to amount to EUR 592.3 million. This corresponds to a (re)investment rate (measured against sales) of 2.8%. In subsequent years, capital expenditure is expected to increase slightly by EUR 21.2 million and EUR 38.9 million, resulting in an increase in the (re)investment rate to 2.9% and 3.0%, respectively.

❹ A sustainable investment level of EUR 679.7 million was assumed for the perpetual annuity. This corresponds to a reinvestment rate of 3.1% (in relation to the sustainably budgeted sales), which we consider to be appropriate. From 2023/24 onwards, depreciation and amortization correspond to investments in property, plant and equipment and other fixed assets.

Source: Management information, PwC analysis

Derivation of free cash flows to be discounted (3/3)

❹ The change in net working capital (NWC) is based on the actual figures for fiscal year 2019/20. The change in NWC items modeled in the integrated balance sheet planning is then taken into account. It should be noted that net working capital also includes cash and cash equivalents required for operations, which according to the agreed assumptions increase as the volume of business grows.

❹ We assumed a stable status at MSH for the terminal value period, so that the net working capital starting in the year 2023/24 develops analogously to the long-term growth in profits and, thus, by 0.5%.

❺ Based on a calculation of the earnings after business taxes, we have determined a portion of the net distributions attributable to the non-controlling shareholders and deducted this amount when deriving the free cash flows. The portions of profits are attributable to the managing directors in the respective markets who participate in an amount up to 10% of the equity capital of the companies in the respective markets belonging to MSH in Germany and foreign countries.

❻ We have applied the portion of profits, taking into account the guaranteed dividend promised to the managing directors of the countries in the respective markets, of approx. 2.5% (based on earnings after taxes). It is assumed that the distribution to minority shareholders in 2020/21 will also be reduced by restructuring expenses in connection with the implementation of the optimized operating model and store closures.

	MSH - Discounted cash flow in EUR million	2020/21 Plan	2021/22 Plan	2022/23 Plan	from 2023/24 TV
❶	**EBITDA**	**1,043.6**	**1,268.5**	**1,323.5**	**1,330.1**
	EBITDA margin	*4.9%*	*5.9%*	*6.0%*	*6.0%*
❷	Depreciation & amortization	(744.2)	(738.5)	(723.5)	(679.7)
	EBIT	**299.4**	**530.0**	**600.0**	**650.4**
	EBIT margin	*1.4%*	*2.5%*	*2.7%*	*2.9%*
	Corporate tax	(105.9)	(174.1)	(193.6)	(194.8)
❸	**NOPLAT**	**193.5**	**355.9**	**406.4**	**455.6**
	Depreciation & amortization	744.2	738.5	723.5	679.7
	Capital expenditures	(592.3)	(613.6)	(652.4)	(679.7)
❹	Change in net working capital	(220.1)	(207.6)	(183.4)	(1.7)
❺	Profit attributable to non-controlling shareholders	(4.4)	(8.4)	(9.6)	(10.8)
❻	**Free cash flow to be discounted**	**120.9**	**264.8**	**284.5**	**443.1**

Derivation of the discount rate

Derivation of the discount rate (WACC)

- In order to value a business, the future free cash flows must be discounted to the valuation date using an appropriate discount rate. The costs of equity and debt weighted according to the shares of capital for the providers of equity and debt capital (weighted average cost of capital or WACC) are used as the discount rate. The WACC indicates the minimum return on capital that the company has to realise so that shareholders and creditors are not worse off than they would be while investing in the next best alternative.
- For functional purposes, the weighted average cost of capital should be broken down into the components, cost of equity and cost of debt capital, while being determined.
- The following formula states the determination of the WACC as an overview:

$$\text{WACC} = \frac{E}{D+E} * k_e + \frac{D}{D+E} * k_d * (1-t)$$

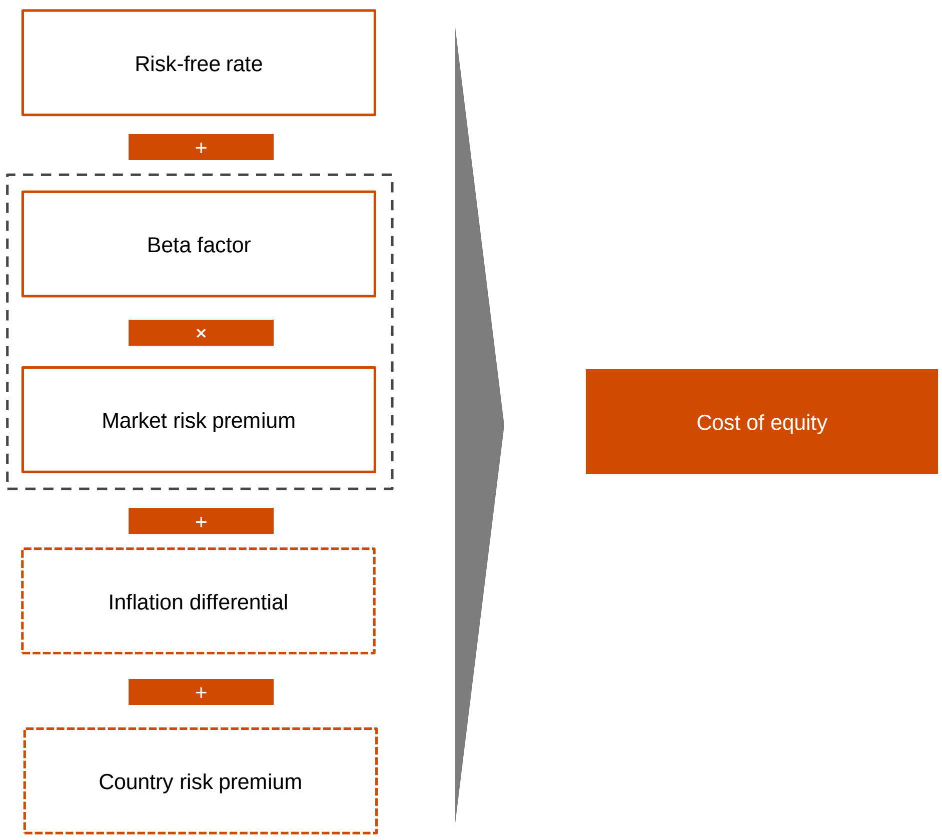
with

- k_e = costs of equity
- k_d = costs of debt
- E = market value of equity
- D = market value of debt
- t = tax rate

- In addition, the growth potential of the financial surpluses (free cash flows) after the end of the planning period must be evaluated and, for valuation purposes, taken into account as an allowance for growth in the discount rate (WACC).

Derivation of the cost of equity

- The cost of equity is based on the (expected) return on an adequate alternative use of capital compared with the valuation object.
- When determining enterprise values, generally the returns on a bundle of corporate shares listed in the capital market (stock portfolio) is the starting point for purposes of typification when determining the alternative returns, and an adjustment must be made to the risk structure of the subject of the valuation. In the case of indirect typification of personal income taxes, the financial surpluses to be discounted are not to be reduced for personal income taxes, and the discount rate is also not to be applied after reduction for personal taxes.
- The overview to the right shows the determination of the demand for a return to be reflected in the calculation when determining the value for the providers of equity (cost of equity).
- In the case of returns on shares in companies, a distinction is usually made between the basic interest rate and the risk premium (product of beta factor and market risk premium).
- If necessary, an inflation differential and a country risk premium must be taken into account.



Risk-free rate

- In order to derive the risk-free rate, we have assumed, in accordance with the recommendation of the IDW, an interest yield curve which we have determined by taking into account the current interest level and the interest yield data published by the Deutsche Bundesbank. The interest yield data we used involve estimated values calculated on the basis of observed current yields from (virtually) risk-free coupon bonds, i.e. German Federal Government bonds, German Federal Government obligations and German Federal Government treasury notes.
- The determined interest yield curve reflects the connection between interest rates and terms which would apply for zero bonds without a risk of loss. The use of zero bond factors with the appropriate terms derived from the interest yield curve assures the required compliance with equivalency of term between an alternative investment and the financial surpluses which are being valued.
- Based on the determined interest yield curve, we consider a uniform risk-free rate as of 21 December 2020 of -0.1% before personal income taxes to be reasonable upon taking into account the structure of the financial surpluses which are being valued. Under the indirect typification of the shareholder applied in the present case, no reduction of the risk-free rate for personal income tax is to be made.

Risk premium (1/2)

- Involvement in an enterprise always involves risks and opportunities. Therefore, the future financial surpluses cannot be forecast with certainty. The participants in the market have this entrepreneurial uncertainty (the entrepreneurial risk) compensated with risk premiums (risk surcharges) in addition to the risk-free rate.
- In order to determine the risk premium for the enterprise being valued, reference can be made to models for determining price in capital markets in accordance with the definition of the alternative investment, which make it possible to estimate the individual risk premium for the enterprise based on risk premiums resulting for a market portfolio (the market risk premium, "MRP"). In accordance with the professional standards, we have referred to the so-called Capital Asset Pricing Model ("CAPM") for assessing the risk premium in the case of indirect typification of the shareholder.
- Based on the CAPM, the specific risk premium for the enterprise, which is not adjusted for personal income taxes, is determined by multiplication of the so-called beta factor for the enterprise with the market risk premium before personal taxes. The beta factor is a measurement of the entrepreneurial risk compared to the market risk. A beta factor great than one means that the value of the equity in the analyzed enterprise reacts disproportionately high on average to fluctuations in the market, and a beta factor less than one means that the value changes disproportionately low on average.
- The future expected market risk premium can be estimated using the historical difference between the returns on securities involving risk, for example, on the basis of a stock index, and the returns on (virtually) risk-free investments in the capital market. Empirical studies for the German capital market show that investment in stocks in the past, depending on the underlying reviewed time period, on average generated four to seven percent higher returns than investments in (virtually) risk-free investments in the capital market. Upon taking into account the currently relevant tax legislation and the typification for tax purposes, we have assumed for the purpose of the present valuation a market risk premium of 7.5% before personal taxes.
- Since MSH is not listed on the exchange, the own beta factors could not be empirically determined for the enterprise. Instead, reference had to be made to beta factors of listed comparable enterprises. The starting point was accordingly to determine the average unlevered beta factor of a portfolio of comparable enterprises. For the purpose of the present valuation, we referred to capital markets data from the financial information service provider S&P Capital IQ, New York, New York/USA.

Risk premium (2/2)

- In order to select and delineate the relevant comparable enterprises, we considered listed enterprises active in the market for consumer electronics. When selecting the group of comparable companies, it is generally appropriate to refer to enterprises in the same industry which offer similar products and/or services and are subject to the same market structures, e.g. similar competition, as the subject of the valuation. The peer group companies we have used are briefly listed below (for a more detailed description of the peer group companies, see Appendix 1):
  - Best Buy Co. Inc., Richfield, Minnesota/USA
  - Dixons Carphone plc, London/Great Britain
  - CECONOMY AG, Düsseldorf/Germany
  - Fnac Darty S. A., Ivry-sur-Seine, Département Val-de-Marne/France
  - Public Joint Stock Company M.video, Moscow/Russia.
- When considering the capital structure of the peer group companies as of the respective last date of their financial statements, a so-called unlevered beta factor (beta factor of an enterprise that completely finances itself, i.e. without leverage) results of between 0.30 and 1.34 for these enterprises in the analyzed time period.
- This results on average on a rounded unlevered beta factor of 0.83 which we used as the basis for our valuation.

Unlevered beta factor

Peers	2 years weekly (global)
Best Buy Co., Inc.	1.34
Dixons Carphone plc	0.56
CECONOMY AG	1.04
Fnac Darty SA	0.90
Public Joint Stock Company M.video	0.30
Average	**0.83**

Source: S&P CapitalIQ, PwC analysis

- We have adjusted the unlevered beta factor in the present case on the basis of the capital structure of MSH as of 30 September 2020 (so-called “gearing” or “levering”). The adjustment of the beta factor reflects the increased leasing liabilities resulting under IFRS 16 as components of the interest bearing financing.

Inflation differential

- Since the risk-free rate was derived above on the basis of the interest yield curve for German government bonds, this must be adjusted for the country specific expectations for inflation when determining the specific cost of capital for the enterprise at the level of the country companies of MSH. It must be considered that the forecast profits reflected in the business plan and the derived surpluses represent nominal values and, therefore, reflect the respective, different expectations for inflation in the specific countries. This expected inflation is normally not consistent with expected inflation in Germany.
- Therefore, we have adjusted the risk-free rate used as the basis for deriving the cost of capital for the specific enterprise with a weighted inflation differential. The inflation differential corresponds respectively to the difference of the expectations for inflation in the home markets of the country companies with foreign currency and the expectation for inflation forecast for the Euro zone. Consideration of the inflation differential is intended to take into account currency risks resulting from devaluation and increased valuation of currency due to inflation which are not already taken into account in the free cash flows. No inflation differential was applies for countries in the Euro zone.
- The expected rate of inflation for the respective country in the year 2024 was used as a reference for measuring the long-term expected inflation. The anticipated inflation for the respective country in the year 2024 was used to measure the long-term expected inflation. The expected inflation in the year 2024 for the Euro zone was used as a reference point. The data comes from information from the International Monetary Fund, Washington D.C./USA (“IMF”). An overview of the resulting inflation differentials is set forth in the table on the right.

Inflation differential

Country	Currency	Inflation	Reference	Differential	EBITDA weighting (2022/23)	Inflation differential (weighted)
Belgium	EUR	1.48%	1.58%	0.0%	2.6%	0.0000%
Germany	EUR	1.72%	1.58%	0.0%	54.1%	0.0000%
Italy	EUR	1.23%	1.58%	0.0%	9.6%	0.0000%
Luxembourg	EUR	1.90%	1.58%	0.0%	0.2%	0.0000%
Netherlands	EUR	1.60%	1.58%	0.0%	6.3%	0.0000%
Austria	EUR	2.00%	1.58%	0.0%	6.0%	0.0000%
Poland	PLN	2.20%	1.58%	0.6%	4.4%	0.0277%
Portugal	EUR	1.37%	1.58%	0.0%	0.6%	0.0000%
Sweden	SEK	1.80%	1.58%	0.2%	0.5%	0.0012%
Switzerland	CHF	0.86%	1.58%	-0.7%	2.5%	-0.0180%
Spain	EUR	1.62%	1.58%	0.0%	9.4%	0.0000%
Turkey	TRY	11.00%	1.58%	9.4%	2.3%	0.2204%
Hungary	HUF	3.05%	1.58%	1.5%	1.4%	0.0206%
Total					**100%**	**0.25%**

Source: IMF, PwC Analysis

- The result is a weighted inflation differential of 0.25% which we have added as a separate component to the cost of equity.

Country risk premium

- Risks in countries in which the enterprise being valued is active having an effect on the calculation of the future financial surpluses (e.g. economic and political/legal risks such as risk of expropriation, strikes or even state insolvency) can be considered when valuing an enterprise by adding a premium to the discount rate.
- This generally also applies for the valuation of MSH. After all, the foreign country companies in the MSH Group generate their earnings in part in markets which are characterized, for example, by special risks when compared to Germany.
- However, we have not applied any country risk premium in the present case. Above all two considerations support this position. In the first place, MSH is primarily active in countries (above all in Western Europe) which are characterized by reliable economic and political circumstances. On the other hand, the valuation of MSH is based on a consolidated approach, i.e. a group perspective and not a sum-of-the-parts approach (valuation of a large number of individual companies).
- When valuing an enterprise such as the MSH Group, systematic risks are generally completely covered in the discount rate and thus compensated for by means of the CAPM. Unsystematic risks, however, are not reflected in the analysis because they can be mitigated by diversification or even avoided. In order to determine the cash flow forming the basis for the valuation of MSH, the profits of the individual country companies were aggregated, subject to consideration of consolidation effects, so that finally a diversification of individual country risks was able to be assumed.
- Furthermore, according to the provided information, the future financial surpluses in this specific valuation are applied with their expected value. Therefore, there is no reason to take into account additional risk aspects by way of a further premium in the discount rate.

Growth allowance

- Future growth of the financial surpluses results from retained earnings and reinvesting them as well as organically from effects related to pricing, volumes and structure. During the detailed planning period, this potential growth is reflected in the business planning and, thus, in the financial surpluses. No growth in financial surpluses from retained earnings is applied in the terminal value phase. Additional potential for growth is taken into account for the terminal value phase for technical purposes of the valuation by a deduction for growth in the discount rate.
- With regard to the opportunities for growth as well as the potential development of the market on the basis of the level of equity existing at the end of the detailed planning period and the substance of the business of the MSH Group, we consider an annual growth in the financial surpluses and, thus, a deduction for growth of 0.5% to be reasonable.
- It is also necessary to consider that the long-term rate of growth involves growth in profit (instead of growth in sales). In the case of a rate of inflation (specific to the industry), the general assumption is that cost increases can be fully passed on to the customers. Empirical studies show, however, that the ability to pass on increased costs is much lower. Due to the high level of competition and technological progress, together with price sensitive customers, we consider a deduction for growth of 0.5% to be reasonable for MSH.

Cost of debt and derivation of the WACC

- We have determined the cost of debt before taxes initially at the level of the individual countries by taking into account a risk-free interest rate of -0.1% plus a risk-adjusted spread of 1.91% on the basis of the ratings of BBB- and BB+ as of the valuation date available for CECONOMY. We added for this purpose any existing inflation differential between non-EUR countries and EUR countries. We weighted the resulting cost of debt in the individual countries using the EBITDAs planned for the year 2022/2023 and accordingly derived the interest rate of 1.81%.
- The ability to deduct interest on debt for tax purposes (so-called "tax shield") is reflected in the cost of debt after taxes. We applied as the tax rate the average nominal rate of 30.53% for CECONOMY according to the annual report 2019/20.
- The (target) capital structure reflected in the weighting of the cost of capital corresponds, according to our assumptions, to the capital structure of MSH as of 30 September 2020.
- The derivation of the weighted average cost of capital ("WACC") for the planning periods is shown in the table to the right.

WACC

	2020/21 Plan	2021/22 Plan	2022/23 Plan	from 2023/24 TV
Risk-free rate	-0.1%	-0.1%	-0.1%	-0.1%
Market risk premium	7.5%	7.5%	7.5%	7.5%
Beta (unlevered)	0.83	0.83	0.83	0.83
Leverage ratio (D/E)	64.6%	64.6%	64.6%	64.6%
Beta (levered)	1.37	1.37	1.37	1.37
Inflation differential	0.25%	0.25%	0.25%	0.25%
Cost of equity	**10.40%**	**10.40%**	**10.40%**	**10.40%**
Cost of debt before taxes	1.81%	1.81%	1.81%	1.81%
Tax rate	30.5%	30.5%	30.5%	30.5%
Cost of debt after taxes	**1.26%**	**1.26%**	**1.26%**	**1.26%**
Equity ratio	60.7%	60.7%	60.7%	60.7%
Debt ratio	39.3%	39.3%	39.3%	39.3%
Terminal growth rate	0.0%	0.0%	0.0%	-0.5%
Weighted average cost of capital (WACC)	**6.81%**	**6.81%**	**6.81%**	**6.31%**

Value of Media-Saturn-Holding GmbH

Determination of the market value of the MSH shares being contributed and the present value of the minimum synergies from the transaction (1/6)

❶ Based on the above-derived free cash flows to be discounted, a constant application of the discount rate and a long-term rate of growth of 0.5%, the total enterprise value of MSH as of 30 September 2020 before special values is EUR 6,343.8 million.

❷ With regard to the composition of the net debt as of 30 September 2020, we refer to the detailed representation on the right-hand side at the bottom.

❸ In accordance with section 6.1 of the agreement in principle, CECONOMY has a proportionate dividend right with regard to the maximum dividend of MSH eligible for distribution for the financial year 2019/20 of EUR 60 million; Convergenta Invest will assign its share in the profit to CECONOMY. As a result, the value of MSH is reduced by EUR 47 million. We have taken this into account as a deduction from the total enterprise value of MSH as of 30 September 2020. The value of CECONOMY increases accordingly (decrease of net debt).

❹ MSH holds a 15% participation in the Russian company PJSC M.video ("M.video"). The stake in M.video is recognized at share price in the balance sheet with no P&L effect. The income from the participation in M.video is not included in the planning forming the basis of the valuation, according to the provided information. Therefore, we have taken into account the participation of MSH in M.video as a special value which is based on the stock exchange value of the shares held by MSH as of 21 December 2020. A volume weighted 3 month average price was used for this purpose. Upon applying the conversion rate RUB/ EUR as of 21 December 2020 of 0.01110, a special value results in the amount of EUR 203.6 million.

	MSH - Discounted cash flow in EUR million	2020/21 Plan	2021/22 Plan	2022/23 Plan	from 2023/24 TV
	Free cash flow to be discounted	**120.9**	**264.8**	**284.5**	**443.1**
	Weighted average cost of capital (WACC)	6.81%	6.81%	6.81%	6.31%
	Period	1.0	2.0	3.0	-
	Present value factor	0.94	0.88	0.82	13.01
	Present value	**113.2**	**232.1**	**233.5**	**5,764.9**
❶	**Enterprise value as of 30 September 2020**	**6,343.8**			
❷	Net debt as of 30 September 2020	(2,472.0)			
❸	Profit participation right of CECONOMY 2019/20	(47.0)			
	Market value of equity as of 30 September 2020 before special values	**3,824.7**			
❹	Special value participation of PJSC M.video (15%)	203.6			
❺	Special value participation of PMG Retail Markt Ltd. (25%	25.8			
	Market value of equity as of 30 September 2020 incl. special values	**4,054.1**			
	Compounding factor	1.04			
❻	**Market value of equity as of 17 February 2021 incl. special values**	**4,210.8**			
	Market value share of Convergenta Invest as of 17 February 2021 (21.62%)	**910.4**			
❼	Present value of minimum synergies from transaction	444.0			
❽	**Market value share of Convergenta Invest incl. minimum synergies as of 17 February 2021**	**1,354.4**			

MSH net debt as of 30 September 2020

in EUR million	Sep 20
Current financial assets	0.0
Other current financial assets	150.0
Non-current financial liabilities	(1,590.0)
Other non-current financial liabilities	(36.3)
Current financial liabilities	(570.4)
Other current financial liabilities	(381.9)
Provisions for pensions	(43.5)
Net debt at 30 September 2020	**(2,472.0)**

Determination of the market value of the MSH shares being contributed and the present value of the minimum synergies from the transaction (2/6)

5 MSH also holds a 25% participation in a joint venture in Greece/Cyprus, PMG Retail Market Ltd. In a manner analogous to M.video, the income from the joint venture, according to the provided information, is not taken into account in the business plan. The value of the participation is supposed to be included as a special value in the amount of the book value of the participation accounted for using the at equity method under IFRS in the amount of EUR 25.8 million.

6 As a result, a market value of the equity capital in the amount of EUR 4,054.1 million results as of 30 September 2020. After compounding this value using the cost of equity, a value of MSH as of 17 February 2021 results in the amount of EUR 4,210.8 million.

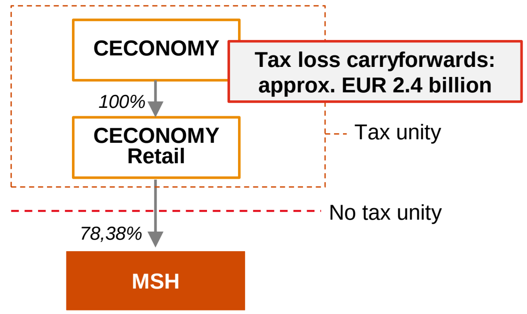
7 The management board of CECONOMY expects substantial tax and operational synergies from the transaction. After the closing of the transaction, it will be possible to credit holding costs as well as tax loss carry forwards on CECONOMY level for tax purposes against the positive results of MSH and also to a minor extent reduce duplicate structures at the level of the holding companies as well as reduce expenses in connection with the shareholder situation prior to the transaction. In deriving the value inflow into CECONOMY from the transaction, the management assumes a present value of the minimum synergies of EUR 444 million, which are based on already very precisely quantified savings potentials with a high probability of realization. In addition to holding cost savings, which amount to a present value of EUR 63 million, management estimates tax synergies with a present value of at least EUR 381 million.

	MSH - Discounted cash flow in EUR million	2020/21 Plan	2021/22 Plan	2022/23 Plan	from 2023/24 TV
	Free cash flow to be discounted	**120.9**	**264.8**	**284.5**	**443.1**
	Weighted average cost of capital (WACC)	6.81%	6.81%	6.81%	6.31%
	Period	1.0	2.0	3.0	-
	Present value factor	0.94	0.88	0.82	13.01
	Present value	**113.2**	**232.1**	**233.5**	**5,764.9**
1	**Enterprise value as of 30 September 2020**	**6,343.8**			
2	Net debt as of 30 September 2020	(2,472.0)			
3	Profit participation right of CECONOMY 2019/20	(47.0)			
	Market value of equity as of 30 September 2020 before special values	**3,824.7**			
4	Special value participation of PJSC M.video (15%)	203.6			
5	Special value participation of PMG Retail Markt Ltd. (25%	25.8			
	Market value of equity as of 30 September 2020 incl. special values	**4,054.1**			
	Compounding factor	1.04			
6	**Market value of equity as of 17 February 2021 incl. special values**	**4,210.8**			
	Market value share of Convergenta Invest as of 17 February 2021 (21.62%)	**910.4**			
7	Present value of minimum synergies from transaction	444.0			
8	**Market value share of Convergenta Invest incl. minimum synergies as of 17 February 2021**	**1,354.4**			

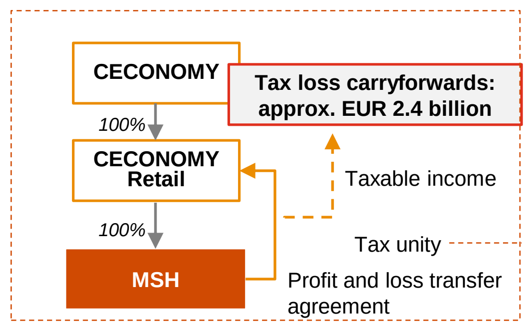
Determination of the market value of the MSH shares being contributed and the present value of the minimum synergies from the transaction (3/6)

- In the following, we present our considerations for checking the plausibility of the minimum synergies estimated by management:
  - The majority of the value creation potential already quantified today results from tax loss carryforwards existing at CECONOMY, which are reported to total approx. EUR 2.4 billion (about equal parts corporation and trade tax) and cannot be used without the transaction.
  - The existing tax loss carryforwards can be offset against the future results (taxable income) of MSH, provided the corresponding resolutions regarding the transaction at the annual general meeting of CECONOMY are passed.
  - Following the transaction, structural measures, e.g. the conclusion of a profit and loss transfer agreement and/or alternative tax consolidation measures, are to be examined or implemented. The charts on the right schematically depict the situation before and after the transaction using the example of a profit and loss transfer agreement including a fiscal unity between CECONOMY Retail and MSH.
  - At a group tax rate of CECONOMY of around 30.5% (15.8% corporation tax, 14.7% trade tax), the future tax savings resulting from offsetting the future MSH results against the aforementioned tax loss carryforwards would amount to approximately EUR 360 million (nominal), disregarding discounting effects.

Situation before transaction



Situation after transaction (example)



Tax synergies from loss carryforwards CECONOMY

Loss carryforwards (in EUR billion)	2.4
Applicable tax rate (rounded)	15%
Potential synergies (nominal, in EUR million)	**360**

Determination of the market value of the MSH shares being contributed and the present value of the minimum synergies from the transaction (4/6)

- In addition to the synergies from offsetting the tax loss carryforwards, there are also tax advantages from the fact that the holding costs of CECONOMY can also be offset against the future profits of MSH, and this on a sustained basis for as long as MSH generates positive results. The tax advantages of offsetting holding costs are reduced by the holding cost savings that can be realized after the transaction.
- From a simple perspective, the planned holding costs and holding cost savings of CECONOMY result in annual tax-deductible holding costs of EUR 27 million, which lead to annual tax savings of around EUR 8 million. Assuming that the costs are offset against future profits of MSH over a ten-year period, this would result in a tax benefit of around EUR 80 million (nominal), disregarding discounting effects.
- In addition to the pure tax synergies, the annual savings of around EUR 4 million in holding costs will result in corresponding improvements in earnings (before taxes) at CECONOMY Group, which have a present value of around EUR 63 million. According to management, these savings result, among other things, from the enhancement of efficiencies at management level and the elimination of congruent activities (reduction of duplicate functions), the further streamlining of the holding structures, and the reduction of other non-staff-related costs, e.g., legal fees for shareholder disputes and costs for shareholder meetings and advisory board meetings.

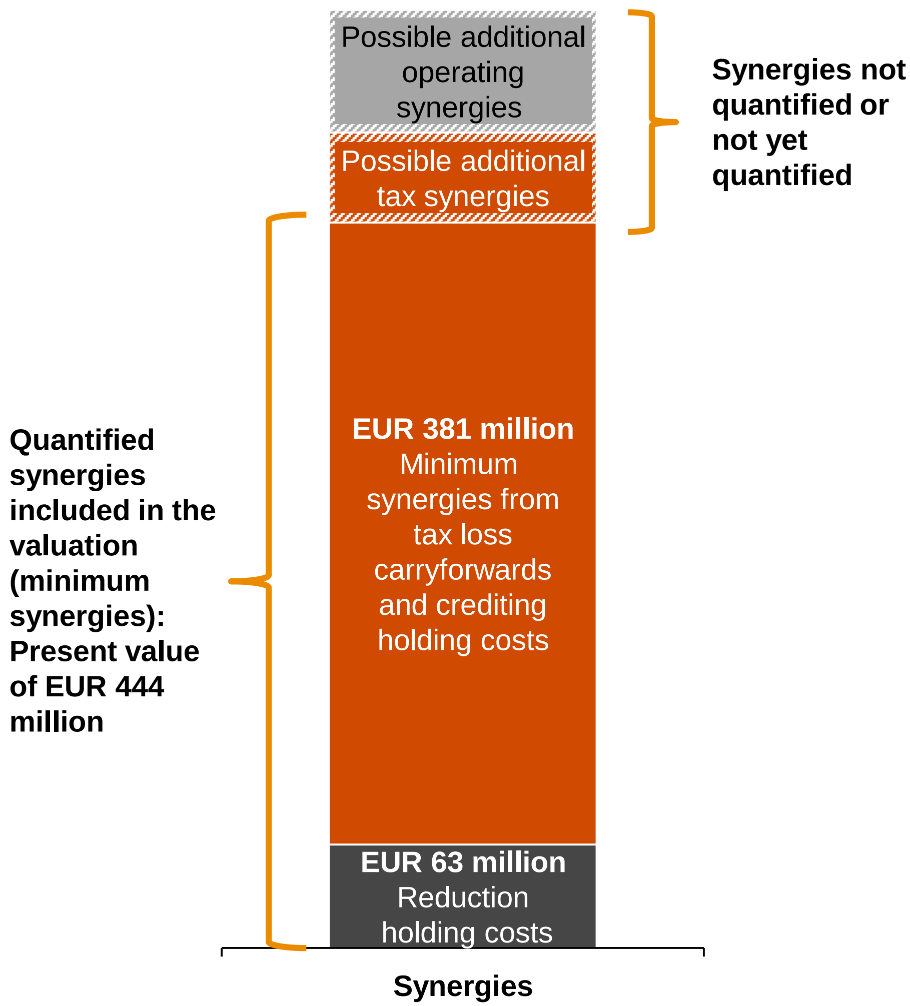
Tax synergies from holding costs CECONOMY

in EUR million	2020/21 ff.
Holding costs CECONOMY	(31)
Holding cost savings	4
Holding costs after savings	**(27)**
Tax rate	30.5%
Tax savings	**8**

Determination of the market value of the MSH shares being contributed and the present value of the minimum synergies from the transaction (5/6)

- In sum, the earlier mentioned considerations show that the minimum synergy amount of EUR 444 million estimated by management could be exceeded.
- It should be noted that other operating synergies from the transaction (which may result from the further streamlining of processes and decision paths in the future) are not yet quantified and can therefore not be taken into account in the valuation.
- The overview on the right shows the relationships graphically.

Composition of potential synergies



Determination of the market value of the MSH shares being contributed and the present value of the minimum synergies from the transaction (6/6)

❽ The fair market value of the 21.62% participation of Convergenta Invest in MSH as of 17 February 2021 is EUR 910.4 million. Upon taking into account the present value of the minimum synergies of EUR 444.0 million, an increase in value for CECONOMY results from the transaction in the amount of EUR 1,354.4 million.

	MSH - Discounted cash flow in EUR million	2020/21 Plan	2021/22 Plan	2022/23 Plan	from 2023/24 TV
	Free cash flow to be discounted	**120.9**	**264.8**	**284.5**	**443.1**
	Weighted average cost of capital (WACC)	6.81%	6.81%	6.81%	6.31%
	Period	1.0	2.0	3.0	-
	Present value factor	0.94	0.88	0.82	13.01
	Present value	**113.2**	**232.1**	**233.5**	**5,764.9**
❶	**Enterprise value as of 30 September 2020**	**6,343.8**			
❷	Net debt as of 30 September 2020	(2,472.0)			
❸	Profit participation right of CECONOMY 2019/20	(47.0)			
	Market value of equity as of 30 September 2020 before special values	**3,824.7**			
❹	Special value participation of PJSC M.video (15%)	203.6			
❺	Special value participation of PMG Retail Markt Ltd. (25%	25.8			
	Market value of equity as of 30 September 2020 incl. special values	**4,054.1**			
	Compounding factor	1.04			
❻	**Market value of equity as of 17 February 2021 incl. special values**	**4,210.8**			
	Market value share of Convergenta Invest as of 17 February 2021 (21.62%)	**910.4**			
❼	Present value of minimum synergies from transaction	444.0			
❽	**Market value share of Convergenta Invest incl. minimum synergies as of 17 February 2021**	**1,354.4**			

Assessment of the plausibility of the business value based on multiples

General approach (1/2)

- In valuation practice, there are a number of multiple-based methods which can be applied to test the results of business valuations on the basis of the discounted earnings method or the DCF method for plausibility. The business value is estimated by means of a multiple of a performance indicator of the business to be valued.
- Appropriate multipliers can be derived from capital markets data of listed comparable enterprises (peer group), so-called "trading multiples", or from comparable transactions, so-called "transaction multiples" which are applied to the enterprise being valued. As a general rule, it must be pointed out that normally no enterprise is completely comparable with another enterprise. The result of the multiple valuation, therefore, normally represents only a range of possible values in which the result of the valuation should be reflected.
- In the case of multiples derived from transaction prices, it must be considered that actually paid purchase prices are determined to a great extent by the subjective interests of the partners to the transaction. These transaction prices take into account, for example, synergy effects and other subjective expectations. Especially the informative value of this approach compared to multiples derived from stock exchange prices normally have a lower value when determining the reasonableness of an enterprise value. Since we do not know of any purchases and sales of businesses which would be relevant and close to the calculation date, we have in the present case not determined values on the basis of transaction multiples.
- In the context of a comparable market valuation, multiples can be applied on the basis of a number of performance indicators:
  - P/E (price to earnings ratio): Equity multiple that uses (especially after service of debt) the earnings power of the business as a reference for the equity value of the business to be valued. A prerequisite for using this multiple is a similar debt-to-equity ratio.
  - EV/EBIT (enterprise value to earnings before interest and taxes ratio): Entity multiple that, to a certain extent, neutralises different capital structures. The enterprise value comprises the so-called market value of debt and is, therefore, distinctly different from the business value that is to be determined (so-called market value of shareholder equity).
  - EV/EBITDA (enterprise value to earnings before interest, taxes, depreciation and amortisation ratio): Entity multiple that, to a certain extent, neutralises different capital structures which requires comparable expenses for fixed assets being depreciated.
  - EV/Sales: (enterprise value compared to sales ratio): This is an entity multiplier, neutralised for different capital structures, which assumes comparable profitability on sales.

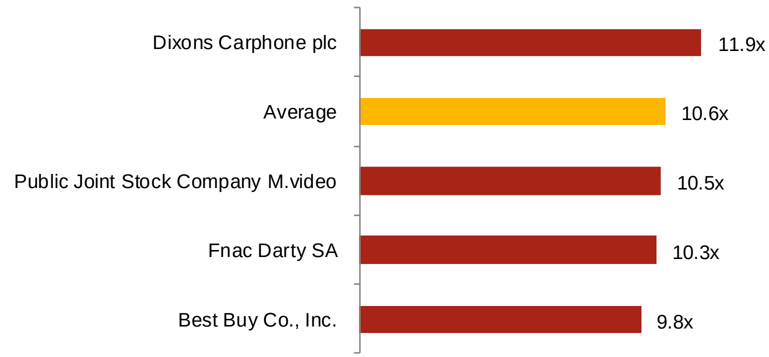
General approach (2/2)

- In addition, non-financial quantitative indicators (e. g. number of employees) can be applied in the context of a multiple valuation. In general, however, the correlation of such factors with the business value must be questioned

Derivation of multiples for listed comparable enterprises

- Based on our trading multiple analysis, we have referred to the comparable companies (except CECONOMY) which were already taken into account when determining the beta factor in chapter 3.6.
- We have made the comparable market valuation of MSH on the basis of EBIT multiples. We chose the financial year 2022 as the base year. On the one hand, the year 2022 is assumed to no longer be influenced by the COVID-19 pandemic to the same degree as still in the year 2021, in which furthermore special effects also adversely affect the earnings position. On the other hand, the year 2022 makes sense because the planning approaches have the tendency to move more strongly towards the direction of the long-term results than is the case in the year 2021.
- An EBIT multiple results from the ratio of the total enterprise value to the EBIT of the peer group company in the chosen base year. We have determined the total enterprise value of the peer group companies as of December 11, 2020 to ensure that the valuation is based on price data unaffected (undistorted) by the execution of the Agreement in Principle and the announcement of the transaction by CECONOMY on December 14, 2020.
- We referred to the average EBIT estimates for the year 2022 from the financial service provider S&P Capital IQ, New York, New York/USA, as the basis for determining the multiples. This results in the multiples shown on the right for the peer group companies.
- The EBIT multiples for the peer group show a range of 9.8x to 11.9x and were applied to the EBIT of MSH before special factors.

EBIT - Multiples 2022



Source: S&P CapitalIQ; PwC analysis

Value ranges on the basis of multiples for peer group companies

- During the course of the multiple valuation, we applied the EBIT multiples of the peer group companies to the comparable variables of MSH for the planned year 2021/22. We refer to the actual balance sheet as of 30 September 2020 for the transition from the total enterprise value to the market value of the equity. This balance sheet contains the most current information about the financial position of MSH as of the technical valuation date of 30 September 2020:

in EUR million	Sep 20
Current financial assets	0.0
Other current financial assets	150.0
Non-current financial liabilities	(1,590.0)
Other non-current financial liabilities	(36.3)
Current financial liabilities	(570.4)
Other current financial liabilities	(381.9)
Provisions for pensions	(43.5)
Net debt at 30 September 2020	**(2,472.0)**

Source: PwC analysis

- MSH has net debt of EUR 2,472.0 million as of 30 September 2020 based on the actual numbers.
- With regard to the multiple valuation on the basis of the EBIT, it must be noted that the multiples have a tendency to increase as a consequence of the introduction of IFRS 16. As a consequence of entering liabilities under leasing agreements in the liabilities and equities side and capitalization of the right of use assets and the change in the structure of capital and results of operations, comparisons to EBIT multiples related to the past are hardly possible in a reliable manner. However, estimates for the future should already take into account the effects under IFRS 16.

- Based on the multiples of the peer group and the net debt of MSH as of 30 September 2020, the value ranges shown below result (based on the minimum, the average and the maximum multiples):

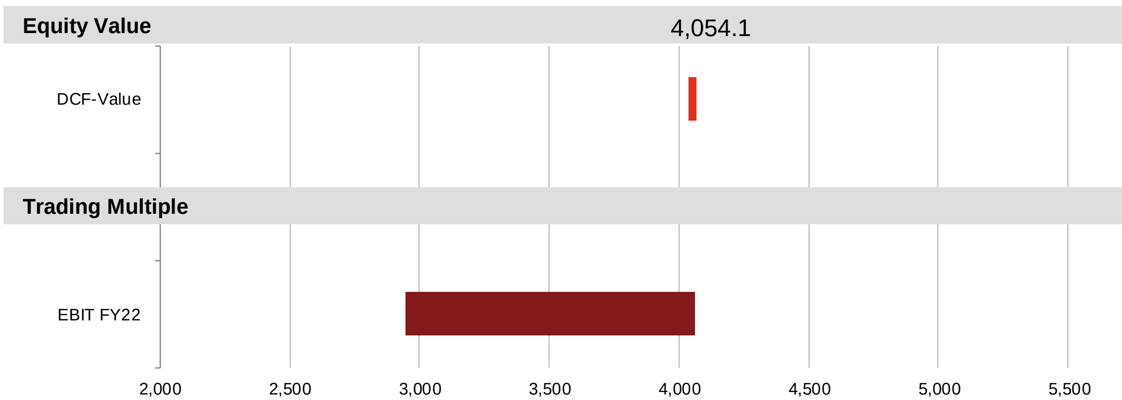
Valuation of MSH based on EBIT multiples

in EUR million	Min	Average	Max
EBIT multiplier	9.8x	10.6x	11.9x
EBIT 2021/22	530.0	530.0	530.0
Total enterprise value	**5,190.6**	**5,625.0**	**6,303.1**
Net debt at valuation date	(2,472.0)	(2,472.0)	(2,472.0)
Market value of equity before special values	**2,718.5**	**3,153.0**	**3,831.0**
Special value for investment in M.video (15%)	203.6	203.6	203.6
Special value for joint venture Greece (25%)	25.8	25.8	25.8
Market value of equity after exceptional items	**2,947.9**	**3,382.3**	**4,060.4**

Source: S&P CapitalIQ; PwC analysis

Summary of the plausibility assessment on the equity value of MSH based on multiples

- If the stock exchange and trading multiples of the peer group companies are applied to the EBIT before restructuring expenses forecast for MSH for the financial year 2021/22, the picture shown below results as of 30 September 2022 after taking into account the net debt of MSH.
- Based on the EBIT multiples, a range for the total enterprise value of MSH as of 30 September 2020 of between EUR 5,190.6 million and EUR 6,303.1 million results. After deduction of the net debt of MSH as of 30 September 2020 in the amount of EUR 2,472.0 million and after taking into account the special values for the 15% participation in M.video in the amount of EUR 203.6 million and for the 25% participation in the JV in Greece of EUR 25.8 million, a range between EUR 2,947.9 million and EUR 4,060.4 million results for the fair market value of the equity of MSH.
- The fair market value of the equity of MSH as of 30 September 2020 of EUR 4,054.1 million determined by us is accordingly at the upper end of the range based on stock exchange multiples. This appears appropriate in light of the strong market position of MSH compared to the competition described in chapter 2.2 and reflects the above average perspectives for growth resulting from this position.



Source: S&P CapitalIQ; PwC analysis

Valuation of CECONOMY AG

Financial position, earnings and financial performance

Financial position (1/2)

- The consolidated balance sheets in accordance with the audited consolidated financial statements of CECONOMY under IFRS as of 30 September 2018, 2019 and 2020 are shown on the side. The positions in the balance sheet are also explained in more detail only to the extent that they have not already been discussed in the valuation of MSH (see chapter 3.1 on this aspect).

❶ The financial investments as of 30 September 2020 contain the approximately 1% participation in MAG (EUR 31 million) as well as the 6.61% participation in MPKG (EUR 35 million), in addition to the participation in the listed company M.video (EUR 200 million) described in more detail in chapter 3.1. While the value of the participation in M.video has increased by approximately EUR 39 million compared to the previous year as a consequence of an increase in the stock exchange price, the book values of the participations in MAG (as a consequence of a lower stock exchange price) and in MPKG (depreciation to the lower fair value) decreased by around EUR 22 million and approximately EUR 16 million.

❷ The participations accounted for at equity include as of 30 September 2020 the 24.44% share in the capital of Fnac Darty S.A., in addition to the 25% share in the joint venture in Greece (approximately EUR 26 million). Due to the lower market value of Fnac Darty resulting from the COVID-19 pandemic, a reduction of the at-equity value of the participation was made, so that a book value in the amount of approximately EUR 241 million results as of 30 September 2020.

❸ The cash and cash equivalents of CECONOMY as of 30 September 2020 (EUR 1,484 million) consist primarily of the cash on hand required for operations (EUR 1,104.4 million) in MSH.

Balance sheet - CECONOMY AG

in EUR million	Sep 18 Actual	Sep 19 Actual	Sep 20 Actual	CAGR Sep 18-20
Goodwill	525	524	524	(0%)
Other intangible assets	124	115	102	(9%)
Property, plant and equipment	809	736	567	(16%)
❶ Financial assets	262	278	280	3%
❷ Investments accounted for using the equity method	488	497	266	(26%)
Other financial assets	3	3	2	(20%)
Other assets	11	7	11	(1%)
Deferred tax assets	59	73	84	19%
Rights of use assets	-	-	2,021	n/a
Non-current assets	**2,282**	**2,233**	**3,857**	**30%**
Inventories	2,480	2,548	2,949	9%
Trade accounts receivable	613	455	488	(11%)
Receivables from suppliers	1,239	1,295	1,302	3%
Other financial assets	495	65	151	(45%)
Other assets	147	120	154	2%
Income tax assets	103	142	69	(18%)
❸ Cash and cash equivalents	1,115	1,184	1,484	15%
❹ Assets held for sale	-	61	-	n/a
Current assets	**6,193**	**5,870**	**6,598**	**3%**
Assets	**8,475**	**8,103**	**10,455**	**11%**

Source: Management information, consolidated financial statements 2017/18, 2018/19, 2019/20 PwC analysis

Without taking into account the cash on hand in its consolidated subsidiaries, CECONOMY had as of the end of the financial year 2019/20 liquid funds in the amount of approximately EUR 132 million, of which approximately EUR 22 million are needed for operations, in the opinion of management.

❹ The assets (and debts) held for sale as of 30 September 2019 relate to the transfer of the operational business of MediaMarkt Greece to the joint venture with Olympia Group Ltd.

Financial position (2/2)

❶ The provisions for pensions and similar obligations are primarily accounted for in CECONOMY (approximately EUR 138 million), CECONOMY Retail (approximately EUR 328 million) and at MSH (approximately EUR 44 million). The decrease in provisions between 30 September 2019 and 30 September 2020 results from the reduction in the present value of the defined benefit plan from approximately EUR 748 million to approximately EUR 695 million while simultaneously increasing the assets in the plan from approximately EUR 192 million to approximately EUR 200 million.

❷ The increase in the long-term debt from approximately EUR 292 million on 30 September 2019 to approximately EUR 1,850 million on 30 September 2020 is attributable primarily to the application of IFRS 16 for the first time and accordingly including higher leasing liabilities. During the observation period, CECONOMY had a promissory note loan during the entire period in the amount of approximately EUR 250 million outstanding. The remaining portion of the debt is attributable to bank loans.

❸ The reduction of the short-term debt between 30 September 2018 and 30 September 2019 results above all from the complete repayment of bonds (approximately EUR 145 million). The increase in short-term debt in the year 2019/20 results primarily from recording leasing liabilities having a remaining term of up to one year.

Balance sheet - CECONOMY AG

in EUR million	Sep 18 Actual	Sep 19 Actual	Sep 20 Actual	CAGR Sep 18-20
Subscribed capital	919	919	919	(0%)
Capital reserve	321	321	321	(0%)
Retained earnings	(554)	(478)	(753)	17%
Non-controlling interests	(21)	22	61	n/a
Equity	**665**	**784**	**548**	**(9%)**
❶ Provisions for pension and similar obligations	547	574	513	(3%)
Other accrued liabilities	44	33	28	(20%)
❷ Financial liabilities	287	292	1,850	154%
Other financial liabilities	52	53	36	(16%)
Other liabilities	64	56	11	(58%)
Deferred tax liabilities	31	35	33	3%
Non-current liabilities	**1,025**	**1,042**	**2,472**	**55%**
Trade accounts payable	5,277	5,321	5,996	7%
Provisions	190	165	151	(11%)
❸ Financial liabilities	153	10	573	94%
Other financial liabilities	400	445	378	(3%)
Other liabilities	671	215	231	(41%)
Income tax liabilities	94	51	106	6%
Liabilities in connection with assets held for sale	-	70	-	n/a
Current liabilities	**6,784**	**6,277**	**7,435**	**5%**
Liabilities	**8,475**	**8,103**	**10,455**	**11%**

Source: Management information, consolidated financial statements 2017/18, 2018/19, 2019/20 PwC analysis

Earnings and financial performance (1/2)

- Since the earnings of CECONOMY Group are for the most part comprised of the earnings of MSH, only the position deviating from the planning of MSH (holding costs) is explained in the following. With regard to further information on the other positions in the planning, we refer to chapter 3.1.
- The results shown on the right correspond to the consolidated figures of CECONOMY for the years 2017/18 to 2019/20, taking into account the consolidated companies adjusted for the effects of the investments included as special values.

❶ The holding costs extend primarily to administrative costs of CECONOMY which, in addition to minor depreciation, include costs for personnel and non-personnel, especially legally required costs for operating a publicly listed company as well as cost for IT and consulting. In addition, this position includes expenses of CECONOMY Retail which, according to the information provided to us, are based to a great extent on payments to the pension assurance association.

❶ The holding costs in 2017/18 were EUR 29.4 million, EUR 57.2 million in 2018/19 and EUR 31.8 million in 2019/20. For the purpose of the display in the table at the right, the costs were adjusted for the following special effects:

- CECONOMY Retail had a one-time, non-operational gain in the amount of approximately EUR 13.6 million in the financial year 2017/18 from the sale of pension obligations to an external third party that had an effect on the bottom line.
- A restructuring expense was incurred in the financial year 2018/19 for severance payments in an amount of approximately EUR 24.2 million.

Income statement - Media-Saturn-Holding GmbH incl. holding costs of CECONOMY

in EUR million	2017/18 Actual	2018/19 Actual	2019/20 Actual	CAGR FY18-20
Revenue	21,415.5	21,453.5	20,830.5	(1.4%)
Cost of goods sold	(17,097.5)	(17,304.8)	(17,047.7)	(0.1%)
Gross profit	**4,318.1**	**4,148.8**	**3,782.8**	**(6.4%)**
Other operating income	177.4	194.2	196.9	5.4%
Selling, general and administrative expenses	(3,824.6)	(3,640.7)	(2,871.2)	(13.4%)
Other operating expenses	(7.8)	(27.2)	(27.9)	89.1%
Restructuring expenses	-	(175.4)	(49.4)	n/a
Share of profit/loss of associates (equity method)	0.1	0.5	(2.4)	n/a
Impairment of operating financial assets	-	(4.6)	(9.8)	n/a
EBITDA	**663.1**	**495.6**	**1,019.0**	**24.0%**
Depreciation and amortization	(224.0)	(239.3)	(800.9)	89.1%
❶ Holding costs	(43.0)	(33.0)	(31.8)	(14.0%)
EBIT incl. restructuring charges	**396.1**	**223.3**	**186.3**	**(31.4%)**
Restructuring expenses	-	175.4	49.4	n/a
EBIT before restructuring charges	**396.1**	**398.6**	**235.7**	**(22.9%)**
in % of revenue				
Gross profit margin	*20.2%*	*19.3%*	*18.2%*	
Selling, general and administrative expenses	*(17.9%)*	*(17.0%)*	*(13.8%)*	
EBITDA margin	*3.1%*	*2.3%*	*4.9%*	
EBIT margin (incl. restructuring)	*1.8%*	*1.0%*	*0.9%*	
EBIT margin (before restructuring)	*1.8%*	*1.9%*	*1.1%*	
Annual growth in %				
Net sales	*(0.9%)*	*0.2%*	*(2.9%)*	
Cost of goods sold	*(0.2%)*	*1.2%*	*(1.5%)*	
Gross profit	*(3.6%)*	*(3.9%)*	*(8.8%)*	
Other operating income	*9.6%*	*9.5%*	*1.4%*	
Selling, general and administrative expenses	*(3.6%)*	*(4.8%)*	*(21.1%)*	
Other operating expenses	*(10.4%)*	*247.8%*	*2.8%*	
EBITDA	*(0.3%)*	*(25.3%)*	*105.6%*	
EBIT margin (incl. restructuring)	*(5.9%)*	*(43.6%)*	*(16.6%)*	
EBIT margin (before restructuring)	*(5.9%)*	*0.6%*	*(40.9%)*	

Source: Management information, consolidated financial statements 2017/18, 2018/19 and 2019/20, PwC analysis

Earnings and financial performance (2/2)

❶ The decrease in holding costs in the last three years is based above all on the following developments:

- The cost for personnel decreased between the financial years 2017/18 and 2019/20 from approximately EUR 19.2 million to EUR 18.8 million. Additionally, starting in financial year 2018/19 cost for personnel have been partially recharged to MSH due to the establishment of dual functions for both holdings
- Other administrative expenses fell from around EUR 23.3 million in the 2017/18 financial year to EUR 17.7 million in the 2019/20 financial year.
- The remaining reduction is attributable to increased earnings from passing on charges for expenses, mainly personnel, of CECONOMY (e.g. for central services) to other group companies which are accounted for in the holding costs.

Income statement - Media-Saturn-Holding GmbH incl. holding costs of CECONOMY

in EUR million	2017/18 Actual	2018/19 Actual	2019/20 Actual	CAGR FY18-20
Revenue	21,415.5	21,453.5	20,830.5	(1.4%)
Cost of goods sold	(17,097.5)	(17,304.8)	(17,047.7)	(0.1%)
Gross profit	**4,318.1**	**4,148.8**	**3,782.8**	**(6.4%)**
Other operating income	177.4	194.2	196.9	5.4%
Selling, general and administrative expenses	(3,824.6)	(3,640.7)	(2,871.2)	(13.4%)
Other operating expenses	(7.8)	(27.2)	(27.9)	89.1%
Restructuring expenses	-	(175.4)	(49.4)	n/a
Share of profit/loss of associates (equity method)	0.1	0.5	(2.4)	n/a
Impairment of operating financial assets	-	(4.6)	(9.8)	n/a
EBITDA	**663.1**	**495.6**	**1,019.0**	**24.0%**
Depreciation and amortization	(224.0)	(239.3)	(800.9)	89.1%
❶ Holding costs	(43.0)	(33.0)	(31.8)	(14.0%)
EBIT incl. restructuring charges	**396.1**	**223.3**	**186.3**	**(31.4%)**
Restructuring expenses	-	175.4	49.4	n/a
EBIT before restructuring charges	**396.1**	**398.6**	**235.7**	**(22.9%)**
in % of revenue				
Gross profit margin	*20.2%*	*19.3%*	*18.2%*	
Selling, general and administrative expenses	*(17.9%)*	*(17.0%)*	*(13.8%)*	
EBITDA margin	*3.1%*	*2.3%*	*4.9%*	
EBIT margin (incl. restructuring)	*1.8%*	*1.0%*	*0.9%*	
EBIT margin (before restructuring)	*1.8%*	*1.9%*	*1.1%*	
Annual growth in %				
Net sales	*(0.9%)*	*0.2%*	*(2.9%)*	
Cost of goods sold	*(0.2%)*	*1.2%*	*(1.5%)*	
Gross profit	*(3.6%)*	*(3.9%)*	*(8.8%)*	
Other operating income	*9.6%*	*9.5%*	*1.4%*	
Selling, general and administrative expenses	*(3.6%)*	*(4.8%)*	*(21.1%)*	
Other operating expenses	*(10.4%)*	*247.8%*	*2.8%*	
EBITDA	*(0.3%)*	*(25.3%)*	*105.6%*	
EBIT margin (incl. restructuring)	*(5.9%)*	*(43.6%)*	*(16.6%)*	
EBIT margin (before restructuring)	*(5.9%)*	*0.6%*	*(40.9%)*	

Source: Management information, consolidated financial statements 2017/18, 2018/19 and 2019/20, PwC analysis

Business plan analysis

Business plan analysis for CECONOMY

- As the consolidated earnings plan of the CECONOMY Group is essentially the same as the earnings plan of MSH, only the holding costs will be discussed here, as they are the only item in which the earnings plan of CECONOMY differs from the MSH plan. For further information on the other planning items, please refer to section 3.3.
- It should also be noted at this point that the results shown on the right correspond to the consolidated figures of the companies included in the consolidation, adjusted for the effects of the investments included as special values.

❶ The planned holding company costs mainly comprise the administrative costs of CECONOMY (EUR 29.6 million). In addition, this item includes expenses of CECONOMY Retail (EUR 1.6 million), which, as in the past, also result in the planning mainly from payments to the pension assurance association.

❶ In the planning period, the holding costs are estimated at a constant level. It is assumed that possible cost increases, for example in personnel, will be offset by cost reductions elsewhere. CECONOMY has been able to reduce holding costs by around EUR 12 million since 2017/18 to the current level.

Income Statement - MSH incl. holding cost of CECONOMY

in Mio. EUR	2019/20 Actual	2020/21 Plan	2021/22 Plan	2022/23 Plan	CAGR FY20-23
Revenue	20,830.5	21,103.0	21,443.0	22,069.0	1.9%
Cost of goods sold	(17,047.7)	(16,988.6)	(17,187.9)	(17,675.8)	1.2%
Gross profit	**3,782.8**	**4,114.4**	**4,255.1**	**4,393.2**	**5.1%**
Other operating income	196.9	182.2	167.2	143.4	(10.0%)
Selling, general and administrative expenses	(2,871.2)	(3,142.4)	(3,153.8)	(3,213.1)	3.8%
Other operating expenses	(27.9)	-	-	-	n/a
Restructuring expenses	(49.4)	(110.6)	-	-	n/a
EBITDA	**1,019.0**	**1,043.6**	**1,268.5**	**1,323.5**	**9.1%**
Depreciation and amortization	(800.9)	(744.2)	(738.5)	(723.5)	(3.3%)
❶ Holding costs	(31.8)	(31.2)	(31.2)	(31.2)	(0.7%)
EBIT incl. restructuring charges	**186.3**	**268.2**	**498.8**	**568.8**	**45.1%**
Restructuring expenses	49.4	110.6	-	-	n/a
EBIT before restructuring charges	**235.7**	**378.8**	**498.8**	**568.8**	**34.1%**
in % of revenue					
Gross profit margin	*18.2%*	*19.5%*	*19.8%*	*19.9%*	
Selling, general and administrative expenses	*(13.8%)*	*(14.9%)*	*(14.7%)*	*(14.6%)*	
EBITDA margin	*4.9%*	*4.9%*	*5.9%*	*6.0%*	
EBIT margin (incl. restructuring)	*0.9%*	*1.3%*	*2.3%*	*2.6%*	
EBIT margin (before restructuring)	*1.1%*	*1.8%*	*2.3%*	*2.6%*	
Annual growth in %					
Net sales	*(2.9%)*	*1.3%*	*1.6%*	*2.9%*	
Cost of goods sold	*(1.5%)*	*(0.3%)*	*1.2%*	*2.8%*	
Gross profit	*(8.8%)*	*8.8%*	*3.4%*	*3.2%*	
Other operating income	*1.5%*	*(7.5%)*	*(8.2%)*	*(14.2%)*	
Selling, general and administrative expenses	*(21.1%)*	*9.4%*	*0.4%*	*1.9%*	
Other operating expenses	*6.4%*	*(100.0%)*	*n/a*	*n/a*	
EBITDA	*105.5%*	*2.4%*	*21.5%*	*4.3%*	
EBIT margin (incl. restructuring)	*(27.4%)*	*44.0%*	*86.0%*	*14.0%*	
EBIT margin (before restructuring)	*(45.4%)*	*60.7%*	*31.7%*	*14.0%*	

Source: Management Informationen, PwC-Analyse

Source: Management information, PwC analysis

Basis of valuation

Approach and key premises (1/2)

- The valuation of CECONOMY is generally based on the approach when valuing MSH (see in this regard, chapter 3.4). Therefore, the following discussion focus on the special aspects in determining the value of CECONOMY. It must be noted that we generally conduct the valuation of CECONOMY from a consolidated perspective and have also included special values for non-consolidated subsidiaries and companies in which participations are held.
- The approach when valuing CECONOMY can be organized in three main steps:
  1. Derivation of the free cash flows to calculate the total enterprise value before special values as of 30 September 2020.
  2. Determination of the net debt to derive the equity value before special values.
  3. Determination of the special values resulting from the values of subsidiaries and companies in which participations are held which are not included in the business plan on a consolidated basis, in order to determine the value of the equity for CECONOMY after special values.
- The value of CECONOMY as of 30 September 2020 determined in these steps is compounded with the cost of equity to the valuation date of 17 February 2021, in order to arrive at the fair market value of the equity of CECONOMY after special values, but prior to the outflow of the cash component of the transaction as of 17 February 2021. The fair market value of CECONOMY as of 17 February 2021 results after deduction of the cash component.
- When valuing CECONOMY, we primarily use the valuation of MSH as the basis which represents the main operationally active company in the CECONOMY Group. Therefore, the starting point for the valuation of CECONOMY is the EBITDA of MSH which we have reduced for the holding costs of CECONOMY and CECONOMY Retail. The resulting EBIT is reduced in a manner analogous to the valuation of MSH for taxes and changes in the (plant and equipment) fixed assets and the networking capital as well as the shares in the profit for non-controlling shareholders at the level of MSH, in order to determine the free cash flows to be discounted before special values.
- The free cash flows of CECONOMY result mathematically from the free cash flows of MSH minus the holding costs of CECONOMY and CECONOMY Retail.
- The net debt consists of the net debt of MSH as well as the net debt of CECONOMY and CECONOMY Retail. In addition, the internal group claims of MWFS Zwischenholding GmbH & Co. KG, Düsseldorf ("MWFS Zwischenholding") are added to the net debt because this company does not exercise any operational activity and instead reflects exclusively the financial interactions within the CECONOMY Group. The offsetting position (liabilities owed to affiliated enterprises) is also reflected in the net debt.
- The special values consist of the values of the non-consolidated subsidiaries of CECONOMY and the companies in which CECONOMY holds participations. Listed companies were included at the average stock price in the last three months (reference date 21 December 2020) (Volume Weighted Average Price, “VWAP”).

Approach and key premises (2/2)

- The minority share of CECONOMY in MPKG and the share of MSH in the joint venture in Greece were applied at the IFRS book value as of 30 September 2020. The other subsidiaries and participations were reflected in the equity capital shown in the balance sheet as of 30 September 2020 under IFRS.

Expected free cash flows before special values

Expected free cash flows before special values

- The free cash flows are derived on the basis of the MSH planning calculation described in section 4.2, supplemented by the holding costs of CECONOMY and CECONOMY Retail (consolidated view adjusted for the investments recognized as special values). The table on the side shows the derivation of the free cash flows of CECONOMY in the detailed planning period 2020/21 to 2022/23 which must be discounted as well for the time period of the terminal value (TV) starting with the year 2023/24. The starting point is the earnings before interest, taxes and depreciation and amortization (EBITDA) which we have initially reduced for depreciation and holding costs to arrive at an EBIT for the purpose of deriving the free cash flows. Taxes were deducted starting at the level of the EBIT. The free cash flows to be discounted result after adding the depreciation and deduction of investments in plant and equipment and other fixed assets as well as after considering the change in the net working capital and the shares in the profit for non-controlling shareholders at the level of MSH.

❶ The starting point for deriving the free cash flows at the level of CECONOMY is the EBITDA of MSH already explained in more detail in chapter 3.5. In order to determine the EBIT, the holding costs at the level of CECONOMY were deducted, in addition to the depreciation.

❷ The holding costs were planned to be constant and were accordingly carried forward by us in the terminal value.

❸ Depreciation contains the annual depreciation charges of MSH as well as depreciation included in the holding costs at the level of CECONOMY amounting to approx. EUR 2 million p.a. The terminal value investment deduction was increased in the same amount.

Expected free cashflows before special values

in EUR milion	2020/21 Plan	2021/22 Plan	2022/23 Plan	from 2023/24 TV
❶ **EBITDA (MSH)**	**1,043.6**	**1,268.5**	**1,323.5**	**1,330.1**
EBITDA margin	*4.9%*	*5.9%*	*6.0%*	*6.0%*
Depreciation & amortization (MSH)	(744.2)	(738.5)	(723.5)	(679.7)
❷ Holding costs (CECONOMY)	(31.2)	(31.2)	(31.2)	(31.2)
EBIT	**268.2**	**498.8**	**568.8**	**619.2**
EBIT margin	*1.3%*	*2.3%*	*2.6%*	*2.8%*
Corporate tax	(105.9)	(174.1)	(193.6)	(194.8)
NOPLAT	**162.3**	**324.8**	**375.2**	**424.4**
❸ Depreciation & amortization	746.2	740.4	725.5	681.7
Capital expenditures	(592.3)	(613.6)	(652.4)	(681.7)
Change in net working capital	(220.1)	(207.6)	(183.4)	(1.7)
Profit attributable to non-controlling shareholders	(4.4)	(8.4)	(9.6)	(10.8)
Free cash flow to be discounted before special values	**91.8**	**235.6**	**255.3**	**411.9**

Source: Management information, PwC analysis

Derivation of the discount rate

Derivation of the discount rate

- The weighted average cost of capital (WACC) for discounting the determined free cash flows of CECONOMY before special values correspond to the cost of capital used for the valuation of MSH (see the table on the right). The operational risk of CECONOMY, from the perspective of the Group, is primarily influenced by MSH which reflects the relevant company in the CECONOMY Group which is active in the market. We are of the view that there is accordingly no necessity for any adjustments in the cost of capital for the purpose of the valuation of CECONOMY. Reference is accordingly made to chapter 3.6 for information on the determination of the cost of capital.

WACC

	2020/21 Plan	2021/22 Plan	2022/23 Plan	from 2023/24 TV
Risk-free rate	-0.1%	-0.1%	-0.1%	-0.1%
Market risk premium	7.5%	7.5%	7.5%	7.5%
Beta (unlevered)	0.83	0.83	0.83	0.83
Leverage ratio (D/E)	64.6%	64.6%	64.6%	64.6%
Beta (levered)	1.37	1.37	1.37	1.37
Inflation differential	0.25%	0.25%	0.25%	0.25%
Cost of equity	**10.40%**	**10.40%**	**10.40%**	**10.40%**
Cost of debt before taxes	1.81%	1.81%	1.81%	1.81%
Tax rate	30.5%	30.5%	30.5%	30.5%
Cost of debt after taxes	**1.26%**	**1.26%**	**1.26%**	**1.26%**
Equity ratio	60.7%	60.7%	60.7%	60.7%
Debt ratio	39.3%	39.3%	39.3%	39.3%
Terminal growth rate	0.0%	0.0%	0.0%	-0.5%
Weighted average cost of capital (WACC)	**6.81%**	**6.81%**	**6.81%**	**6.31%**

Source: S&P CapitalIQ; PwC analysis

Derivation of the equity value before special values

Derivation of the market value of equity before special values (1/2)

❶ Discounting the free cash flows of CECONOMY before special values using the WACC of 6.81% leads, in the case of a rate of growth of 0.5% in the terminal value phase, to a total enterprise value of EUR 5,861.2 million before special values as of 30 September 2020. The net debt of CECONOMY must be deducted in the next step, in order to determine the corresponding value of the equity of the company.

❷ The net debt of EUR 3,097.6 million shown in the table on the right consists primarily of the following:

1. Net debt of MSH,
2. Net debt of CECONOMY,
3. Net debt of CECONOMY Retail,
4. Net debt of MWFS Zwischenholding.

The most important positions in the net debt are briefly explained below.

1. The net debt of MSH is EUR 2,472.0 million. This includes pension provisions in the amount of EUR 43.5 million.
2. The net debt of CECONOMY consists primarily of financing debt (EUR 262 million), that aside of a promissory note loan of EUR 251 million includes lease liabilities of EUR 11 million, pension provisions (EUR 142 million) and balances at credit institutions (EUR 110 million). The balances at credit institutions are EUR 132 million, of which EUR 22 million is considered by management to be needed for the business and constitute part of the net working capital.

Market value of equity before special values

in EUR milion	2020/21 Plan	2021/22 Plan	2022/23 Plan	from 2023/24 TV
Free cash flow to be discounted before special values	**91.8**	**235.6**	**255.3**	**411.9**
Weighted average cost of capital (WACC)	6.81%	6.81%	6.81%	6.31%
Period	1.0	2.0	3.0	
Present value factor	0.94	0.88	0.82	13.01
Present value	**85.9**	**206.6**	**209.5**	**5,359.2**
❶ **Enterprise value as of 30 September 2020 before special values**	**5,861.2**			
❷ Net debt	(3,097.6)			
❸ **Market value of equity of CECONOMY as of 30 September 2020 before special values**	**2,763.7**			

Source: Management information, PwC analysis

CECONOMY - net debt as of 30 September 2020

in EUR million	Sep-20
Receivables from affiliated companies	3.5
Bank deposits	114.0
Other financial assets	150.0
Provisions for pensions	(513.5)
Financial liabilities	(2,422.4)
Other financial liabilities	(418.2)
Participations	(11.0)
Net debt as of 30 September 2020	**(3,097.6)**

Source: Management information, PwC analysis

Derivation of the market value of equity before special values (2/2)

3. The net debt of CECONOMY Retail consists of pension provisions (EUR 328.0 million) and balances at credit institutions (EUR 4 million). In addition, the net debt of CECONOMY Dreizehnte Gesellschaft für Vermögensverwaltung mbH (EUR 103 million) was taken into account. This company does not exercise any operational activity. This company only shows financial liabilities owed to affiliated enterprises which overall increase the net debt of CECONOMY. The company, according to the provided information, is not at risk of insolvency in the corporate group. The offsetting position (receivables owed to affiliated enterprises) is also reflected in the net debt.
4. MWFS Zwischenholding also does not have any operational activity. This company has claims against affiliated enterprises which we have attributed in the group perspective to the net debt of CECONOMY. The corresponding offsetting position is also included in the net debt.

❸ After deduction of the net debt from the total enterprises value as of 30 September 2020 before special values, a value of the equity capital in CECONOMY results in the amount of EUR 2,763.7 million as of 30 September 2020 before special values.

Market value of equity before special values

in EUR milion	2020/21 Plan	2021/22 Plan	2022/23 Plan	from 2023/24 TV
Free cash flow to be discounted before special values	**91.8**	**235.6**	**255.3**	**411.9**
Weighthed average cost of capital (WACC)	6.81%	6.81%	6.81%	6.31%
Period	1.0	2.0	3.0	
Present value factor	0.94	0.88	0.82	13.01
Present value	**85.9**	**206.6**	**209.5**	**5,359.2**
❶ **Enterprise value as of 30 September 2020 before special values**	**5,861.2**			
❷ Net debt	(3,097.6)			
❸ **Market value of equity of CECONOMY as of 30 September 2020 before special values**	**2,763.7**			

Source: Management information, PwC analysis

Special values

Special values (1/2)

❶ MSH holds a 15% participation in the listed Russian company M.video. This was valued as of the reference date of 21 December 2020 by using the average price in the last three months. We refer to chapter 3.7 for further information on this participation.

❷ MSH also holds a 25% participation in a joint venture in Greece. This participation was valued at the book value as of 30 September 2020. We also refer to chapter 3.7 for further information about this participation.

❸ CECONOMY owns a 100% participation in CECONOMY Retail International GmbH, which in turn holds the 24.44% share in the French company Fnac Darty S.A. The value of CECONOMY Retail International GmbH exists solely of the value of Fnac Darty S.A. We have valued the share in the company and, thus, the participation in CECONOMY Retail International GmbH at the average stock exchange price in the last 3 months (3M VWAP) as of the reference date of 21 December 2020.

❹ The business purpose of MPKG is the administration and management of companies holding real property or rights similar to real property which MPKG indirectly acquired by contribution or purchase from METRO AG or other companies in the METRO Group. CECONOMY holds a 6.61% share in MPKG. We have included this share at the book value as of 30 September 2020 in accordance with IFRS.

Special values

in EUR milion	
❶ Participation in PJSC M. video (15%)	203.6
❷ Participation in PMG Retail Markt Ltd. (25%)	25.8
❸ CECONOMY Retail International GmbH (Fnac Darty)	274.0
❹ METRO PROPERTIES GmbH & Co. KG (6.6%)	35.0
❺ METRO AG (1%)	29.3
❻ CECONOMY Digital GmbH (DTB)	6.0
❼ Other subsidiaries and participations	2.5
Special values	**576.2**

Source: Management information, S&P CapitalIQ, PwC analysis

Special values (2/2)

- ❺ We have valued the approximately 1% share in METRO AG at the average stock exchange price in the last three months (3M VWAP) as of the reference date of 21 December 2020.
- ❻ CECONOMY Digital GmbH is a holding company with a 80% participation in Deutsche Technikberatung, Hürth ("DTB"). DTB represents professional assistance at home for the installation, networking and error correction of electronic devices. We applied CECONOMY Digital GmbH using the equity capital shown in the balance sheet as of 30 September 2020 in accordance with IFRS.
- ❼ The other subsidiaries and companies in which participations are held include CECONOMY Data GmbH, CECONOMY Invest GmbH, CECONOMY Pensionssicherungs GmbH, CECONOMY Erste Vermögensverwaltungs GmbH and MWFS Zwischenholding Management GmbH. We included these companies in the valuation with their equity capital shown in the accounts as of 30 September 2020 in accordance with IFRS.
- Overall, the special values amount to EUR 576.2 million.

Special values

in EUR milion	
❶ Participation in PJSC M. video (15%)	203.6
❷ Participation in PMG Retail Markt Ltd. (25%)	25.8
❸ CECONOMY Retail International GmbH (Fnac Darty)	274.0
❹ METRO PROPERTIES GmbH & Co. KG (6.6%)	35.0
❺ METRO AG (1%)	29.3
❻ CECONOMY Digital GmbH (DTB)	6.0
❼ Other subsidiaries and participations	2.5
Special values	**576.2**

Source: Management information, S&P CapitalIQ, PwC analysis

Value of CECONOMY AG

Derivation of the market value of equity of CECONOMY

1. Upon taking into account the special values, the fair market value of the equity capital in CECONOMY as of 30 September is EUR 3,339.8 million.
2. We have compounded this value at the cost of equity to 17 February 2021, in order to determine the fair market value of the equity capital in CECONOMY as of 17 February 2021, which is equal to EUR 3,469.0 million.
3. Since MSH is fully consolidated by CECONOMY, the fair market value of the share of Convergenta Invest must subsequently be deducted (21.62%). We refer to chapter 3.7 with regard to how this is derived.

- Upon taking into account the special values and after deduction of the minority interests, a fair market value of the equity attributable to the shareholders in CECONOMY results as of 17 February 2021 in an amount of Euro 2,558.6 million.

Derivation of CECONOMY equity value as of 17 February 2021

	in EUR milion	
	Market value of equity of CECONOMY as of 30 September 2020 before special values	**2,763.7**
	Participation in PJSC M. video (15%)	203.6
	Participation in PMG Retail Markt Ltd. (25%)	25.8
	CECONOMY Retail International GmbH (Fnac Darty)	274.0
	METRO PROPERTIES GmbH & Co. KG (6.6%)	35.0
	METRO AG (1%)	29.3
	CECONOMY Digital GmbH (DTB)	6.0
	Other subsidiaries and participations	2.5
	Special values	**576.2**
1	**Market value of equity of CECONOMY as of 30 September 2020 incl. special values**	**3,339.8**
	Compounding factor	1.04
2	**Market value of equity of CECONOMY as of 17 February 2021 incl. special values before deduction of minority interest**	**3,469.0**
3	Minority interest of Convergenta Invest as of 17 February 2021 (21.62%)	(910.4)
	Market value of equity attributable to shareholders of CECONOMY as of 17 February 2021	**2,558.6**

Source: Management information, PwC analysis

Plausibility check of valuation results based on market capitalization

Market capitalization of CECONOMY (1/2)

- The table on the right represents the market capitalization on the stock exchange for CECONOMY on the basis of the prices on the reference date as well as on average during the period 14 September 2020 until 11 December 2020. The reference date of December 11, 2020 was chosen in order to ensure that the valuation is based on an unaffected (undistorted) share price as a result of the conclusion of the agreement in principle between CECONOMY and Convergenta Invest and CECONOMY's ad hoc announcement regarding the intended transaction on December 14, 2020 and subsequent share price movements.
- Based on the stock exchange price for the CECONOMY ordinary share as of 11 December 2020 of EUR 3.99 and a price of EUR 4.52 for each preferred share, a stock exchange value of CECONOMY as of 11 December 2020 results in the amount of EUR 1,435.4 million.
- As a further analysis, we refer to the average volume weighted price (3M VWAP) between 14 September 2020 and 11 December 2020 in an amount of EUR 4.17 for each ordinary share and EUR 4.51 for each preferred share for purpose of the calculation. This, ceteris paribus, results in a value of CECONOMY of EUR 1,498.8 million.
- Thus, a range overall results for the value of CECONOMY of EUR 1,435.4 million to EUR 1,498.8 million which is in total below the DCF value of the company determined by us.

Derivation of CECONOMY market capitalization based on share prices

Share price on 11 December 2020	
VWAP ordinary shares	3.99
VWAP preferred shares	4.52
in EUR million	
Market value CECONOMY AG	**1,435.4**

Average share price between 14 September 2020 and 11 December 2020	
3M VWAP ordinary shares	4.17
3M VWAP preferred shares	4.51
in EUR million	
Market value CECONOMY AG	**1,498.8**

Source: S&P CapitalIQ; PwC analysis

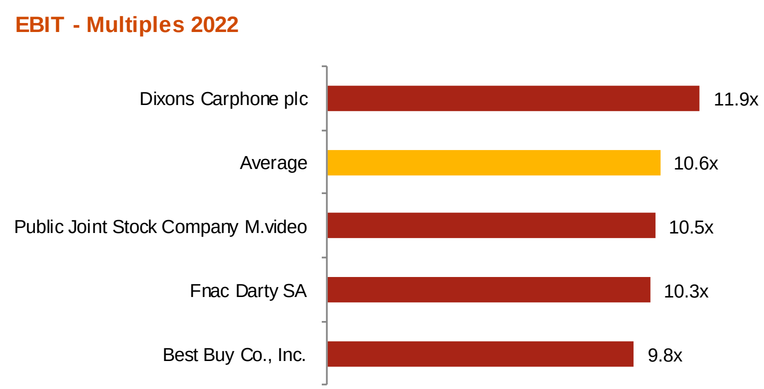
Market capitalization of CECONOMY (2/2)

- A potential cause for the difference between the value on the basis of the discounted cash flow method and the value based on stock exchange capitalization may, in the present case, especially be due to information asymmetries which are briefly explained below.
- Information asymmetry describes the circumstance that the capital market has either not taken into account information yet or that already communicated information cannot be completely or reliably assessed.
- The planning forming the basis for the valuation of CECONOMY contains positive effects from measures in the context of the operating model which are intended to contribute to increases in efficiency and a long-term improvement in the costs situation at MSH. In addition to the strategic initiatives to increase sales (among others, expanding the online business and the services & solutions business) is accordingly intended to improve the profits. The likely presumption is that the capital market has not fully accounted for these circumstances that were communicated in August 2020 and is instead first waiting to see whether there is success in implementing the measures despite the offsetting macro-economic Corona effects.
- In addition, it cannot be ruled out that investors are currently reluctant to buy shares in stationary retailers because they see the risk of temporary store closures in times of COVID-19, which could have a negative impact on earnings and liquidity. In addition, the increased shift towards the online channel and the lower demand for higher-value services could weigh on gross margins.
- On the trading day following publication of the Company's ad hoc announcement on the intended transaction on December 14, 2020, after close of trading, the price of CECONOMY ordinary shares (XETRA) increased by around 25%. In the following days, the CECONOMY ordinary share price continued to rise and by the end of the week had increased by around 40% compared to the price prior to the announcement of the transaction.
- The market capitalization of CECONOMY on December 21, 2020, based on the closing price of the ordinary shares on that day of EUR 5.61 and the preferred shares of EUR 5.80, was approximately EUR 2.0 billion. Although the difference between the market capitalization and the DCF value we calculated is still EUR 0.5 billion, it has decreased significantly compared with the difference prior to the ad hoc announcement on December 14, 2020. It is evident that the capital market is rewarding the cash inflows and other benefits associated with the announced new strategy and the planned transaction.

Plausibility check of valuation results based on multiples

Derivation of multiples for listed comparable enterprises

- For verifying the reasonableness of the DCF value of CECONOMY that goes beyond the review of its market capitalization, we applied the same multiples as used for the plausibility assessment of the DCF value of MSH. We refer specifically to chapter 3.8.
- The EBIT multiples for the peer group show a range of 9.8x to 11.9x and were applied to the EBIT of CECONOMY before special factors.



Source: S&P CapitalIQ; PwC-Analysis

Value ranges on the basis of multiples for peer group companies

- In the course of the multiple valuation, we applied the EBIT multiples of the peer group companies to the comparable values of CECONOMY for the planned year 2021/22. In order to transition from the total enterprise value to the market value of the equity, we referred to the actual balance sheet as of 30 September 2020. This constitutes the most current information about the financial position of CECONOMY as of the technical valuation date of 30 September 2020:

CECONOMY - Net debt as of September 30, 2020

in EUR milion	Sep-20
Receivables from affiliated companies	3.5
Bank deposits	114.0
Other financial assets	150.0
Provisions for pensions	(513.5)
Financial liabilities	(2,422.4)
Other financial liabilities	(418.2)
Investments	(11.0)
Net debt as of September 30, 2020	**(3,097.6)**

Source: Management Informationen, PwC Analysis

- CECONOMY has net debt of EUR 3,097.6 million as of 30 September 2020, based on actual numbers.
- Upon referring to the multiples for the peer group and the net debt of CECONOMY as of 30 September 2020, the described value ranges result (based on the minimum, the average and the maximum of the multiples). We refer to chapter 3.8 for further information.

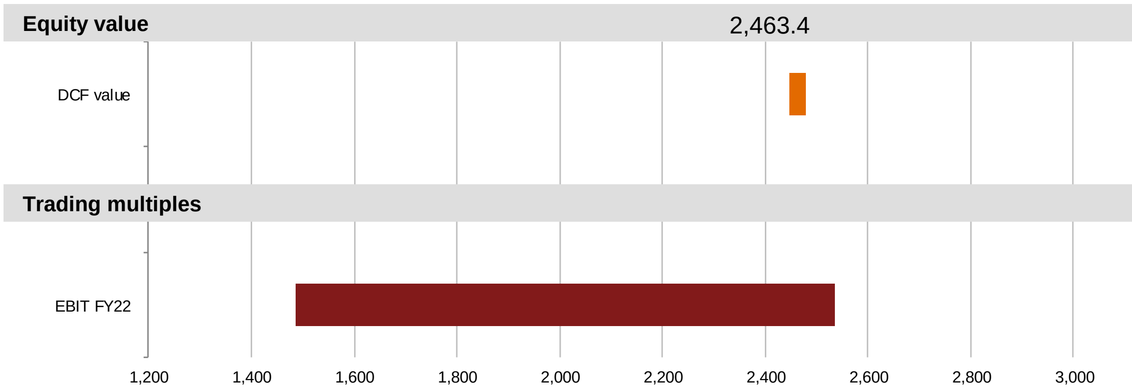
Valuation of CECONOMY on the basis of EBIT multiples

in EUR million	Min	Durchschnitt	Max
EBIT multiples	9.8x	10.6x	11.9x
EBIT 2021/22	498.8	498.8	498.8
Total enterprise value	**4,885.2**	**5,294.1**	**5,932.2**
Net debt at valuation date	(3,097.6)	(3,097.6)	(3,097.6)
Market value of equity before exceptional items	**1,787.6**	**2,196.5**	**2,834.7**
Participation M.video (15%)	203.6	203.6	203.6
Joint venture Greece (25%)	25.8	25.8	25.8
CECONOMY Retail International GmbH	274.0	274.0	274.0
METRO PROPERTIES GmbH & Co. KG (6.6%)	35.0	35.0	35.0
METRO AG (1%)	29.3	29.3	29.3
CECONOMY Digital GmbH	6.0	6.0	6.0
Other subsidiaries and associates	2.5	2.5	2.5
Market value of share in Convergenta Invest as of February 17, 2021 (21.62%)	(876.5)	(876.5)	(876.5)
Fair value of equity after special items, minority interests and cash component	**1,487.3**	**1,896.2**	**2,534.4**

Source: S&P CapitalIQ; PwC Analysis

Summary of the plausibility assessment on the equity value of CECONOMY based on multiples

- If the stock exchange and trading multiples of the peer group companies are applied to the EBIT before restructuring expenses forecast for CECONOMY for the financial year 2020/21, the picture set forth below results after taking into account the net debt of CECONOMY as of 30 September 2020.
- Based on the EBIT multiples, a range for the total enterprise value of CECONOMY as of 30 September 2020 results between EUR 4,885.2 million and EUR 5,932.2 million. After deduction of the company's net debt as of 30 September 2020 in the amount of EUR 3,097.6 million as well as upon taking into account the special values, a range results for the fair market value of the equity of CECONOMY of between EUR 1,487.3 million and EUR 2,534.4 million.
- The market value of the equity of CECONOMY as of 30 September 2020 of EUR 2,463.4 million (EUR 3,339.8 million minus the value of the MSH minority stake as of 30 September 2020 in the amount of EUR 876.5 million) is accordingly at the upper end of the range based on the stock exchange multiples. The multiple valuation accordingly supports the valuation of CECONOMY as of 30 September 2020 which we carried out using the discounted cash flow method (see on this point also the explanation for MSH in chapter 3.8).



Source: S&P CapitalIQ; PwC Analysis

Valuation of the convertible bonds

Valuation of the convertible bonds (1/2)

- As consideration for contributing its share in MSH, Convergenta Invest is supposed to receive convertible bonds having a fair market value of EUR 160.0 million issued by CECONOMY in addition to the CECONOMY shares under the capital increase in kind and the cash component.
- In order to secure the market value of the convertible bonds agreed between the parties and, on the other hand, make sure that Convergenta Invest has a mathematically derived maximum participation of 29.95% in the share capital of CECONOMY after exercising the conversion right, the parties have agreed on the following conditions for the convertible bonds:
  - term: 5 years as of issue
  - face value: EUR 151.0 million
  - interest: 0.05%
  - conversion right for 27.9 million CECONOMY ordinary shares
  - conversion price: EUR 5.42.
- The convertible bonds having a total face value of EUR 151.0 million are divided into 1,510 bearer bonds having in each case a face value of EUR 100,000.00.
- Since the value of the convertible bonds must be taken into account when determining the value inflow from the capital increase in kind, we have verified the reasonableness of the market value of EUR 160.0 million as of 11 December 2020 determined by the parties by means of our own valuation considerations.
- The value of a convertible bond generally consists of the sum of the value of the components of the bonds and the value of the conversion option.
- The value of the bond component results from the present value calculation of the agreed interest payments as well as repayments of principle using an interest rate that is appropriate in terms of time and risk.
- The discount rate which is appropriate in terms of risk and time corresponds to the cost of debt for CECONOMY for a corresponding term. For the purpose of our verification of reasonableness, we determined a risk-free rate of -0.82% for a five year term based on data from the Deutsche Bundesbank. In order to appropriately take into account the risk of loss, we additionally added a risk premium (credit spread) on the basis of the rating for CECONOMY (see also chapter 3.6).

Valuation of the convertible bonds (2/2)

- Based on their derivative nature, the value of the conversion option contained in the convertible bonds for shares of CECONOMY must be determined using option pricing models. There are generally two approaches for valuing derivatives which are consistent with each other. These approaches are, on the one hand, the principle of replication and, on the other hand, the risk-neutral valuation.
- The replication principle takes the approach that the derivative to be valued is synthetically reproduced using priced securities. The replication principle is based on the underlying work of Black/Scholes (1973) and Cox/Ross/Rubinstein (1979) on option pricing theory.
- The risk-neutral valuation is an implication from the work by Black/Scholes (1973), which was described for the first time by Cox/Rubinstein (1976). The derivation of the analytical equation for the valuation shows that the valuation of a derivative is free of all risk preferences.
- Under the option price theory, analytical and numerical valuation methods are differentiated. Analytical or closed solutions such as the Black/Scholes formula deliver theoretically exact values, but are not applicable for all types of derivatives. In the case of complex derivatives, also numerical solution methods such as the binomial model of Cox/Ross/Rubinstein (1979) and the Monte Carlo simulation formulated and examined by Boyle (1977) for the valuation of derivatives are used.
- Since the conversion option contained in the convertible bonds in the present case includes a mechanism to protect dividends, the value can be theoretically exactly determined by means of the Black/Scholes formula.
- During the course of our verification of reasonableness, we accordingly used the Black/ Scholes formula as the basis. The initial parameters for this purpose, in addition to the current stock exchange price for CECONOMY at signing of the transaction agreements and the agreed conversion price, are in turn the risk-free rate having the appropriate term as well as the volatility of the returns on the shares.
- As a result of our verification of the reasonableness of the market value for the convertible bonds determined by the parties, we can find that the market value of EUR 160.0 million as of 11. December 2020 can be verified by us so that it can be used for the further considerations without any change.

Assessment of the appropriateness of the lowest issue price and exchange ratio

Assessment of the appropriateness of the issue price and the exchange ratio (1/5)

- The issue price, from the perspective of today's shareholders (hereinafter, also the “existing shareholders") cannot be unreasonably low under the capital increase at CECONOMY with exclusion of the subscription right. In light of the provisions on raising capital, it must also be assured that the value of the contributions in kind do not fall below the par value of the shares.
- The exchange ratio, i.e. the ratio of contribution and consideration, i.e. the value of the contribution in kind to be rendered compared to the value of the shares which the company will issue in exchange is determinative in the case of capital increases in exchange for contributions in kind.
- Synergies and other benefits from the combination resulting from the transaction, which lead to an increase in value of the shares and benefit the existing shareholders when the capital contribution in kind is completed must be taken into account when evaluating the appropriateness of the exchange ratio in the context of capital increases in exchange for contributions in kind.
- The presently intended exchange ratio is the result of negotiations between CECONOMY and Convergenta Invest about the acquisition of the MSH shares by CECONOMY and the main conditions of the acquisition. CECONOMY and Convergenta Invest concluded an agreement in principle about this on 14 December 2020. CECONOMY also provided information on 14 December 2020 about the agreement in principle about the merger with MSH in an ad hoc notification.
- An agreement was also reached about the exchange ratio in the negotiations between CECONOMY and Convergenta Invest, whereby the starting point for this was an analysis on the basis of the market capitalization of CECONOMY as well as its participations in listed companies.
- The agreement between CECONOMY and Convergenta Invest provides that the transfer of shares is supposed to take place in exchange for
  I. 125.8 million CECONOMY ordinary shares,
  II. issuance of convertible bonds with a conversion right for 27.9 million CECONOMY ordinary shares,
  III. cash payment in two tranches of a total amount of EUR 130.0 million.
- After conversion of the convertible bonds and based on the results of the negotiations between CECONOMY and Convergenta Invest, mathematically derived up to 29.95% of the share capital of CECONOMY relates to the capital increase, while 70.05% of the share capital is held by the existing shareholders.

Assessment of the appropriateness of the issue price and the exchange ratio (2/5)

- We have compared the previously determined values of MSH and CECONOMY relative to the number of shares before and after the transaction, in order to evaluate the appropriateness of the issue price and the exchange ratio.

❶ As a starting point for the evaluation, we calculated the value of the equity capital per share attributable to the existing shareholders before the transaction in CECONOMY determined using the DCF method. The value of equity attributable to the shareholders of CECONOMY as of 17 February 2021 is EUR 2,558.6 million. The number of shares before the transaction corresponds to the sum of ordinary shares (356.7 million shares) and preferred shares (2.7 million shares). This results in a DCF value per CECONOMY share before the transaction of EUR 7.12. There are no significant differences between price per ordinary and preferred share resulting from this.

❷ In addition, we derived the stock exchange value of CECONOMY as of 11 December 2020 by means of the three months volume weighted average price (3M VWAP) for the ordinary shares and preferred shares. Since in this situation, the value of CECONOMY per share (EUR 4.17) is below the DCF value of CECONOMY per share, this has no influence on the evaluation of the appropriateness of the exchange ratio and, thus, the issue price.

❸ In order to be able to assess the appropriateness of the exchange ratio, we determined the value of CECONOMY after the transaction. For this purpose, we added the value of the MSH minority stake including the present value of the minimum synergies resulting from the transaction to the DCF value of CECONOMY and subtracted the agreed cash components. The result is EUR 7.37 per CECONOMY share and, thus, above the DCF value per share before the transaction.

CECONOMY DCF value per share before transaction

	in EUR million	
	Equity value of CECONOMY	2,558.6
	Number of shares before transaction	359.4
❶	**CECONOMY value per share (in EUR)**	**7.12**

Reasonability check based on CECONOMY stock exchange value

	in EUR million	
	CECONOMY stock exchange value, 3M VWAP -11.12.2020	1,498.8
	Number of shares before transaction	359.4
❷	**CECONOMY value per share (in EUR)**	**4.17**

CECONOMY DCF value per share after transaction

	in EUR million	
	Equity value of CECONOMY	2,558.6
	Value of MSH minority share incl. minimum synergies	1,354.4
	Cash component	(130.0)
	Equity value of CECONOMY after transaction	**3,783.0**
	Number of shares after transaction (fully diluted)	513.1
❸	**CECONOMY value per share (in EUR)**	**7.37**

Source: Bloomberg; PwC analysis

- Consequently the transaction is advantageous for the existing shareholders.

Assessment of the appropriateness of the issue price and the exchange ratio (3/5)

❹ The inflow of value attributable to the new shares to be issued by way of the capital increase through contributions in kind can be determined by deducting the market value of the convertible bonds of EUR 160.0 million and the cash component of EUR 130.0 million from the value of the MSH minority interest including minimum synergies of EUR 1,354.4 million. This leaves an inflow of value of EUR 1,064.4 million for the new shares. This compares with a value per CECONOMY share before the transaction of EUR 7.12, i.e. a total value of EUR 895.5 million for the 125.8 million new shares to be issued as part of the capital increase through contributions in kind. Thus, the value of the MSH minority interest including minimum synergies and less the market value of the convertible bonds and the cash component significantly exceeds the value of the CECONOMY shares issued in exchange.

- Alternatively, we have also determined the inflow of value attributable to the new shares to be issued by way of the capital increase through contributions in kind by calculating and deducting the higher value of the convertible bonds on the basis of option pricing theory using the DCF value per CECONOMY share prior to the transaction (EUR 7.12). The inflow of value determined in this way also significantly exceeds the value of the consideration. This also applies if the value of the convertible bonds is calculated on the basis of the option price theory using the DCF value per CECONOMY share before the transaction (EUR 7.12).

❹ The inflow of value attributable to the convertible bonds can be determined by deducting from the value of the MSH minority interest including minimum synergies in the amount of EUR 1,354.4 million the total value of the 125.8 million new shares to be issued as part of the capital increase against contribution in kind before the transaction of EUR 895.5 million and the cash component of EUR 130.0 million. Accordingly, an inflow of EUR 328.8 million remains for the convertible bonds. This compares to a value of the con-vertible bonds of EUR 160.0 million, which was calculated according to financial mathematical principles. Thus, the value of the MSH minority interest including minimum synergies and less the market value of the new shares before the transaction and the cash component also significantly exceeds the value of the convertible bonds issued for this purpose.

Value inflow from capital increase in kind

in EUR million	
Value of the MSH minority interest incl. minimum synergies	1,354.4
Convertible bond	(160.0)
Cash component	(130.0)
Value inflow	**1,064.4**
❹ **Value of consideration**	**895.5**

Value inflow from convertible bond

in EUR million	
Value of the MSH minority interest incl. minimum synergies	1,354.4
Capital increase in kind	(895.5)
Cash component	(130.0)
Value inflow	**328.8**
❺ **Value of consideration**	**160.0**

Source: Bloomberg; PwC analysis

Assessment of the appropriateness of the issue price and the exchange ratio (4/5)

❻ The inflow of value attributable to the contribution in kind for the new shares and the convertible bonds can be determined by deducting the cash component of EUR 130.0 million from the value of the MSH minority interest including minimum synergies of EUR 1,354.4 million. Accordingly, a (net) inflow of EUR 1,224.4 million is attributable to the uniform contribution in kind. This compares to (i) in the form of the new shares, a value per CECONOMY share prior to the transaction of EUR 7.12, i.e. a total value of the 125.8 million new shares to be issued in course of the capital increase through contributions in kind of EUR 895.5 million and (ii) in the form of the convertible bonds, a value of the convertible bonds of EUR 160.0 million, calculated according to financial mathematical principles, i.e. a total of EUR 1,055.5 million. Thus, the value of the contribution in kind of the MSH minority share including minimum synergies and less the cash component significantly exceeds the sum of (i) the value of the CECONOMY shares issued for this purpose and (ii) the value of the convertible bonds. This also applies if the value of the convertible bonds is calculated on the basis of the option price theory using the DCF value per CECONOMY share before the transaction (EUR 7.12).

❼ Based on the values for MSH and CECONOMY determined using the DCF method, a stake of 32.4% in the share capital of CECONOMY would result for the contributing party, while 67.6% of the share capital would remain with the existing shareholders. Since the exchange ratio agreed between the parties is below this exchange ratio, the requirement of appropriateness is satisfied. Accordingly, an inflow of value of EUR 1,092.5 million would be sufficient for there to be no dilution of the existing shareholders on the basis of the agreed exchange ratio.

Value inflow from capital increase and convertible bond

in EUR million		
	Value of the MSH minority interest incl. minimum synergies	1,354.4
	Cash component	(130.0)
	Value inflow	**1,224.4**
❻	**Value of consideration**	**1,055.5**

Lowest issue amount

Lowest issue amount (in EUR)	2.56
Shares issued (in millions)	153.7
Lowest issue amount (in EUR million)	**393.4**

Exchange ratio after transaction

in EUR million			
	Value inflow	1,224.4	32.4%
	Equity value of CECONOMY before transaction	2,558.6	67.6%
❼	**Value of CECONOMY after transaction**	**3,783.0**	**100.0%**
	For information purposes: Required minimum value MSH after cash component	*1,092.5*	

Source: Bloomberg; PwC analysis

- Since the inflow of value is at EUR 1,224.4 million, the lowest issue amount of EUR 393.4 million is clearly achieved.

Assessment of the appropriateness of the issue price and the exchange ratio (5/5)

- We would like to point out that nothing will change with regard to our overall statement in this expert report as a result of the most recently imposed lockdown with corresponding closures of MSH stores. In order to evaluate the appropriateness of the exchange ratio on the basis of the relative enterprise values of MSH and CECONOMY, it is finally of secondary importance whether the management's assessment of the future development in light of the COVID-19 pandemic deviates more or less strongly from the actual development as can be observed in hindsight.
- Since these deviations are reflected both in the valuation of MSH as well as the valuation of CECONOMY for the purpose of determining the exchange ratio, they do not change anything with regard to the overall statement about the adequacy of the exchange ratio. This statement depends finally on the relative valuation of the two companies involved in the transaction and not on the absolute accuracy with regard to the underlying planning. This applies especially in a period of above average uncertainty resulting from the worldwide COVID-19 pandemic. Aside from this, it does not appear unreasonable after our analyses to assume that MSH and also CECONOMY will handle the crisis well and will come out of the crisis more successful than some of their competitors.

Source: Bloomberg; PwC Analysis

Appendices

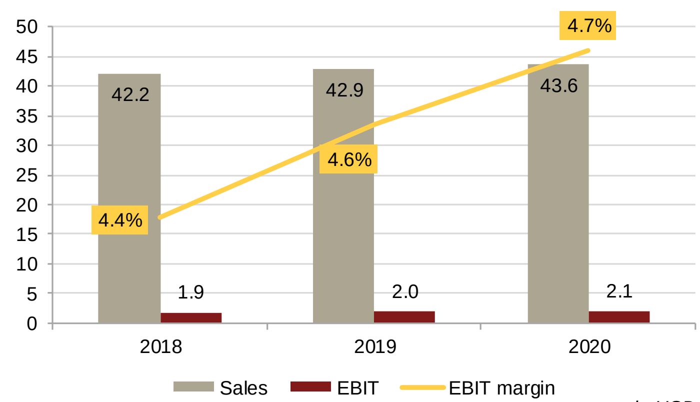
Description of the peer group companies

Best Buy Co., Inc., Richfield/USA

Overview

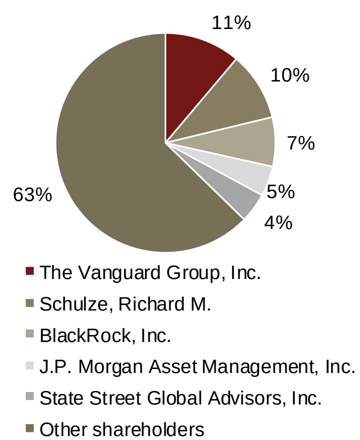
Best Buy Co., Inc. Distributes technology products in the United States, Canada and Mexico. The company is active in two segments: domestic and international. The company's stores offer computers and mobile telephones such as computer equipment and peripheral equipment, e-readers, network products, tablets and wearables as well as mobile phones with corresponding commissions for cell phone network operators; entertainment electronics, including digital imaging, health and fitness, home cinema, portable audio devices and smart home products; and entertainment products consisting of drones, peripheral equipment, films, music and toys, as well as hardware and software for games, virtual reality and other software products. The company's stores also sell equipment such as dish washers, washing machines, ovens, refrigerators, mixers, coffee machines, and vacuum cleaners as well as other products such as beverages, snacks and other items, but also baby products, baggage and sports items. In addition, the company offers services such as consulting, drafting, delivery, installation, memberships, protection plans, repairs, set-up and technical support as well as related health services for older consumers. The company offers its products through stores and web sites under the brands BestBuy, Best Buy Express, Best Buy Mobile, Geek Squad, Best Buy Health, CST, GreatCall, Lively, Magnolia, Pacific Kitchen, Home, greatcall.com, bestbuy.ca and bestbuy.com.mx as well as through mobile applications and call centers an. As of 1 February 2020, the company had more than approximately 1,175 big box stores and 56 smaller stores. The company was previously known as Sound of Music, Inc. Best Buy Co., Inc. was established in 1966 and has its headquarters in Richfield/Minnesota/USA.

Business Development



in USD billion

Top 5 shareholders



Key Facts (as of 2020)

Employees **125,000**	*Primary index* **NYSE**	*EBIT/ EBITDA margin* **4.7% / 6.6%**
Reporting standard / date **US GAAP / 1-Feb**	*Marktet cap.* (21.12.2020)* **26,749**	*Rating* S&P **BBB**
Currency **USD**	*Free float* **89.4%**	*Multiples (Sales/ EBITDA/ EBIT)* x M **0.5x/ 8.3x/ 11.5x**

in USD million

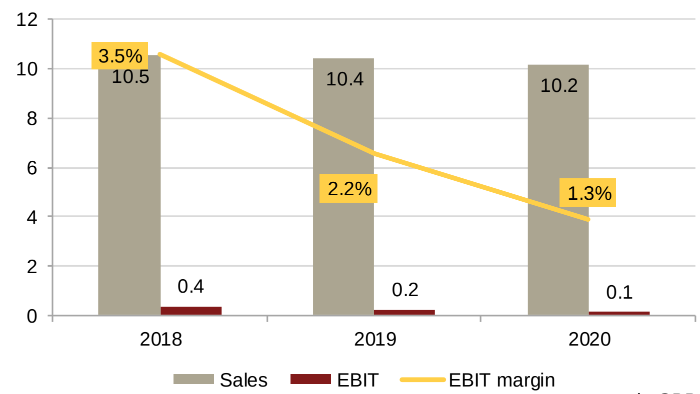
Source: S&P Capital IQ, PwC analysis

Dixons Carphone plc, London/Great Britain

Overview

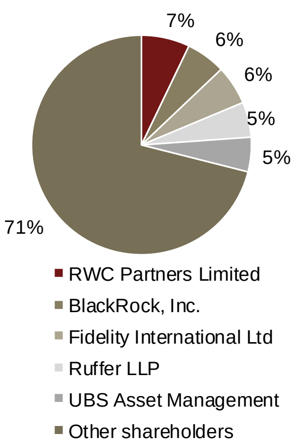
Dixons Carphone plc is a retail dealer and service company for electric and mobile consumers. The company is active in four segments: UK & Ireland Electricals, UK & Ireland Mobile, Nordics and Greece. The company distributes electronic products, electronic items for airports and telecommunications products as well as computer products and services to business-to-business customers and offers repair services for virtual cell phone network operators and electronic consumer products. The company offers its products and services under the brands Currys PC World, Dixons Travel, Team Knowhow, PC World Business, Carphone Warehouse, iD Mobile, Carphone Warehouse Business, Elkjøp, Elkjøp and Elkjøp Phonehouse, Knowhow, InfoCare, Kotsovolos, Elgiganten and Elgiganten Phone House as well as Gigantti an. The company distributes its products also through the internet and offers insurance services. The company operates 939 stores and 16 web sites in eight countries. Dixons Carphone plc was established in 1937 and has its headquarters in London/Great Britain.

Business Development



in GBP billion

Top 5 shareholders



Key Facts (as of 2020)

Employees 32,500	*Primary index* LSE	*EBIT/ EBITDA margin* 1.3% / 2.4%
Reporting standard / date IFRS / 2-May	*Marktet cap.* (21.12.2020)* 1,329	*Rating* (S&P) n/a
Currency GBP	*Free float* 93.2%	*Multiples (Sales/ EBITDA/ EBIT)* 0.3x/ 12.9x/ 23.2x

in GBP million

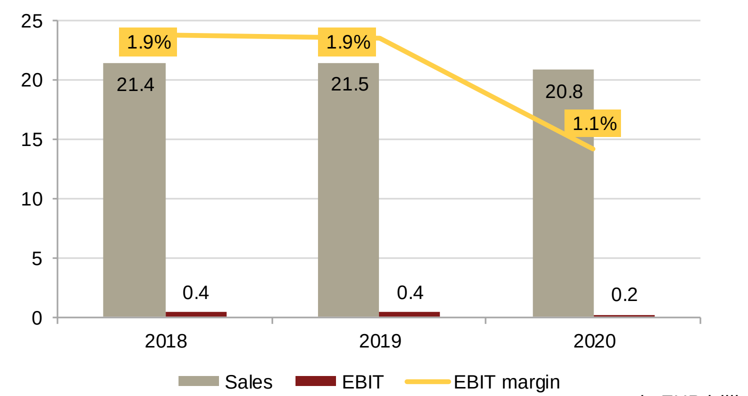
Source: S&P Capital IQ, PwC analysis

CECONOMY AG, Düsseldorf/Germany

Overview

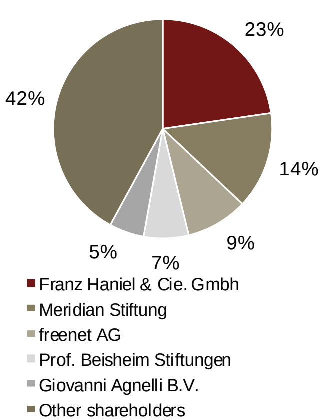
As the central management holding company, CECONOMY AG performs basic functions such as finance, accounting, controlling, legal and compliance. The operating business is handled by several group companies, with the focus on the MediaMarkt Saturn Retail Group with its MediaMarkt and Saturn brands. The company operates around 850 stores in 12 countries under the MediaMarkt brand and around 150 stores under the Saturn brand. In addition, CECONOMY AG, as 80% majority shareholder of the Deutsche Technikberatung brand, provides professional support, including installation, networking and troubleshooting of electronic devices, and invests in business areas such as digital entertainment and resale of used electronic products. The company operates in Germany, Austria, Switzerland, Sweden and Hungary, as well as in Western, Southern and Eastern Europe. CECONOMY AG is headquartered in Düsseldorf.

Business Development



in EUR billion

Top 5 shareholders



Key Facts (as of 2020)

Employees 46,186	*Primary index* XTRA	*EBIT/ EBITDA margin* 1.1% / 1.9%
Reporting standard /date IFRS / 30-Sep	*Marktet capitalization* (21.12.2020)* 2,019	Rating — Moody's: Ba1 Scope: BBB-
Currency EUR	*Free float* 42 %	*Multiples (Sales/ EBITDA/ EBIT)* 0.1x/ 7.3x/ 12.5x

in EUR million

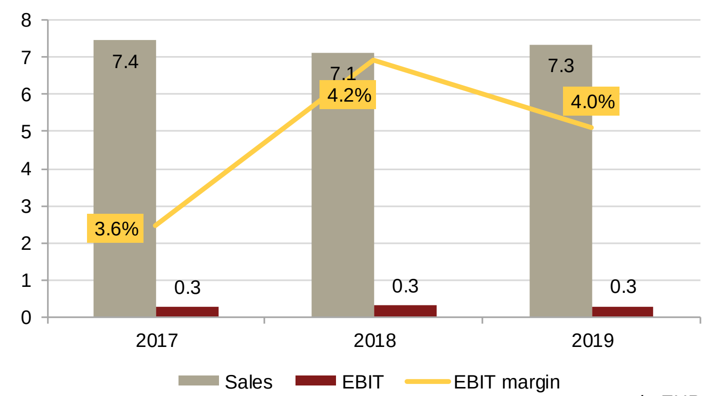
Source: S&P Capital IQ, PwC analysis

Fnac Darty S.A., Ivry-sur-Seine/France

Overview

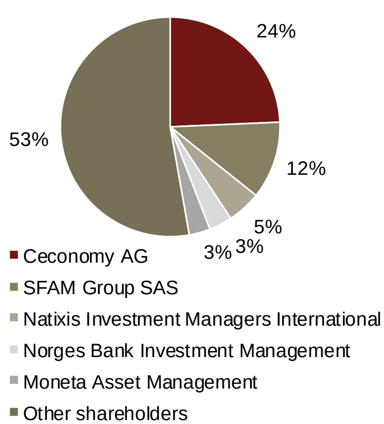
Fnac Darty SA is active as an omni-channel retailer for cultural and leisure items, entertainment electronics and household appliances in France, Switzerland, the Iberian Peninsula and the Benelux countries. The company offers entertainment electronics, including desktop computers, laptops, tablet PCs, software, printers, e-readers, telephones and office products and accessories as well as various related products, cameras and photography accessories, televisions and video accessories such as DVD players, Blu-Ray players and other accessories; as well as audio items and accessories, including MP3 players, headphones, docking stations and related accessories. In addition, the company offers editorial products, including hard copy and digital books, music, video and video games and game consoles as well as gadgets, T-Shirts, music instruments and other items. Furthermore, the company offers household appliances, including refrigerators and freezers, cooking equipment, dishwashers and washing machines/dryers, vacuum cleaners, devices for physical hygiene and treatment of water/air as well as other products and services, including kitchen units, household and design products, games and toys as well as stationery. The company also offers extended guarantees, the sale of product insurance policies, customer service as well as delivery and installation services, rental services for entertainment electronics and delivery service, tickets and gift boxes as well as membership cards for the company's loyalty programs. As of 30 June 2019, the company had a total of 804 stores, including 284 Franchise stores. The company was previously known under the name Groupe Fnac société anonyme. Fnac Darty SA was established in 1954 and is headquartered in Ivry-sur-Seine/France.

Business Development



in EUR billion

Top 5 shareholders



Key Facts (as of 2019)

Employees **21,693**	*Primary index* **ENXTPA**	*EBIT/ EBITDA margin* **4% / 5%**
Reporting standard / date **IFRS / 31-Dec**	*Marktet cap.* (21.12.2020)* **1,379**	S&P *Rating* **BB**
Currency **EUR**	*Free float* **62.8%**	x M *Multiples (Sales/ EBITDA/ EBIT)* **0.4x/ 7.1x/ 8.9x**

in EUR million

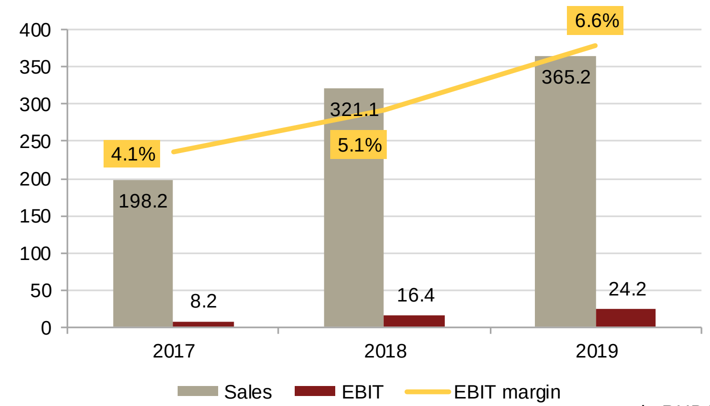
Source: S&P Capital IQ, PwC analysis

Public Joint Stock Company M.video, Moscow/Russia

Overview

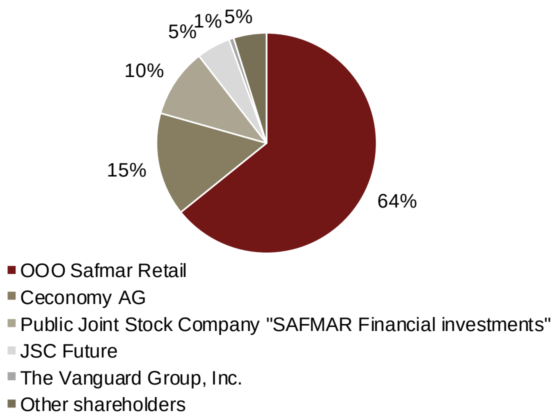
The public joint stock company M.video together with its subsidiaries operates a chain of sales locations for consumer electronics and online internet businesses in Russia. The company deals with the sale of televisions, audio equipment, video equipment and Hi-Fi products as well as with the sale of household appliances and digital equipment and providing related services. As of 31 December 2018, the company had a chain of 941 own and stores and leased stores as well as online internet shops in Moscow and 110 other cities. The company was established in 1993 and is headquartered in Moscow/Russia. The public joint stock company M.video has been a subsidiary of Ericaria Holdings Limited since 9 September 2019.

Business Development



in RUB billion

Top 5 shareholders



Key Facts (as of 2019)

Employees n/a	***Primary index*** MISX	***EBIT/ EBITDA margin*** 6.6% / 7.8%
Reporting standard / date IFRS / 31-Dec	***Marktet cap.* (21.12.2020)*** 125,112	***Rating*** n/a
Currency RUB	***Free float*** 10.3%	***Multiples (Sales/ EBITDA/ EBIT)*** 0.6x/ 7.2x/ 8.5x

in RUB million

Source: S&P Capital IQ, PwC analysis

Engagement letter

Engagement letter (1/8)

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Alsterufer 1
20354 Hamburg
Postfach 60 27 20
22237 Hamburg
www.pwc.de

Tel.: +49 40 6378-1312
Fax: +49 69 9585-928292
christian.wulff@pwc.com

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft
Alsterufer 1, 20354 Hamburg

Persönlich/Vertraulich
CECONOMY AG
Herrn Dr. Bernhard Düttmann - Vorstandsvorsitzender
Frau Karin Sonnenmoser - Vorstand Finanzen
Kaistraße 3
40221 Düsseldorf

26. November 2020
CWU/ULO

Projekt Caesar: Unternehmensbewertungen, Ermittlung des angemessenen Austauschverhältnisses sowie Bestätigung des geringsten Ausgabebetrages im Rahmen einer gemischten Sachkapitalerhöhung und der Begebung von Wandelschuldverschreibungen

Sehr geehrter Herr Dr. Düttmann, sehr geehrte Frau Sonnenmoser,

wir, die PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft ("PwC" oder "wir"), beziehen uns auf die mit Ihrem Haus geführten Gespräche und freuen uns, der CECONOMY AG, Düsseldorf („CECONOMY"), hiermit unser Angebot für die Ermittlung des angemessenen Austauschverhältnisses sowie des geringsten Ausgabebetrages im Rahmen einer gemischten Sachkapitalerhöhung und der Begebung von Wandelschuldverschreibungen (Projekt Caesar), einschließlich der dazu erforderlichen Unternehmensbewertungen unterbreiten zu können.

Mit diesem Schreiben legen wir unser Verständnis der von uns zu erbringenden Leistungen und unsere Auftragsbedingungen dar.

A. Hintergrund der Beauftragung und vereinbarte Leistungen

1. Ausgangslage und grundsätzliches Vorgehen

Die CECONOMY (auch „CAESAR" genannt) besitzt über ihre 100%-ige Tochtergesellschaft CECONOMY Retail GmbH, Düsseldorf, rd. 78,4% der Anteile der Media-Saturn-Holding GmbH, Ingolstadt („MSH" oder auch als „Mars" bezeichnet). Die restlichen Anteile (rd. 21,6%) von Mars werden von der Familie Kellerhals über die Convergenta Invest und Beteiligungs GmbH (AT), Salzburg/Österreich, und die Convergenta Invest GmbH, Bad Wiessee (auch „Ceres" genannt), gehalten. Es wird diskutiert, die Mars-Anteile des Minderheitsgesellschafters Ceres an CAESAR im Zuge einer gemischten Kapitalerhöhung sowie der Begebung von Wandelschuldverschreibungen zu übertragen, jeweils gegen Sacheinlage und unter Ausschluss des Bezugsrechts der Altaktionäre, und Zahlung einer Barkomponente an Ceres. Derzeit befinden sich rd. 50% der Caesar-Aktien in Streubesitz.

In diesem Zusammenhang wird PwC beauftragt, die Unternehmenswerte von Mars und CAESAR sowie das daraus resultierende Austauschverhältnis bei Übertragung der Anteile im Rahmen einer gemischten Sachkapitalerhöhung sowie der Begebung von Wandelschuldverschreibungen zu ermitteln. Bewertungsstichtag ist nach derzeitigem Stand der 17. Februar 2021, der Tag der voraussichtlichen Hauptversammlung der CAESAR, in der u.a. der Beschluss über die gemischte Sachkapitelerhöhung und die Begebung von Wandelschuldverschreibungen sowie die Schaffung eines neuen bedingten Kapitals gefasst werden soll. Das finale Gutachten muss dementsprechend vor dem Tage der Übermittlung der Einladung zur Hauptversammlung an den Bundesanzeiger rechtzeitig vorliegen und durch eine Stichtagserklärung zum Tage der Hauptversammlung (*bring-down*) bestätigt werden.

Bei der Durchführung der Wertermittlung werden wir den Standard "Grundsätze zur Durchführung von Unternehmensbewertungen" des Instituts der Wirtschaftsprüfer in Deutschland e. V., Düsseldorf, i.d.F. 2008 (IDW S 1) anwenden und aus der Sicht von CAESAR tätig. Das bedeutet, dass Synergieeffekte, die sich infolge der geplanten gesellschaftsrechtlichen Umstrukturierung realisieren lassen, in die Bewertung miteinbezogen werden.

Ein möglicher Transaktionspreis ist das Ergebnis von Verhandlungen. Die Festlegung des Preises liegt allein in der Verantwortung der beteiligten Parteien. PwC übernimmt keine Management-Funktionen. Sämtliche Entscheidungen zur Ableitung eines Transaktionspreises werden von den beteiligten Parteien selbst getroffen.

Nach IDW S 1 wird der Wert eines Unternehmens, unter der Voraussetzung finanzieller Zielsetzungen, aus seiner Eigenschaft abgeleitet, durch Zusammenwirken aller die Ertragskraft beeinflussenden Faktoren finanzielle Überschüsse für die Unternehmenseigner zu erwirtschaften. Daher ergibt sich der Unternehmenswert aus dem Wert der auf den Bewertungsstichtag abgezinsten zukünftigen finanziellen Überschüsse (Barwert) des betriebsnotwendigen Vermögens zuzüglich des Barwerts der Überschüsse aus der Verwertung des nicht betriebsnotwendigen Vermögens.

Der Unternehmenswert kann entweder nach dem Ertragswert- oder dem Discounted Cashflow ("DCF")-Verfahren ermittelt werden. Beide Bewertungsverfahren sind grundsätzlich gleichwertig und führen bei übereinstimmenden Finanzierungsannahmen und damit gleichen Nettoeinnahmen der Unternehmenseigner zu identischen Ergebnissen. Im vorliegenden Fall erfolgen die Unternehmensbewertungen primär nach dem DCF-Verfahren.

Dem Substanzwert, verstanden als (Netto-) Teilrekonstruktionszeitwert, fehlt grundsätzlich der direkte Bezug zu zukünftigen Überschüssen. Daher kommt ihm bei der Ermittlung des Unternehmenswerts nach IDW S 1 keine eigenständige Bedeutung zu.

Engagement letter (2/8)

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2. Vereinbarte Leistungen

2.1. Auftragsumfang

Die Wertermittlung gemäß IDW S 1 umfasst im Wesentlichen die folgenden unter a) bis k) aufgeführten Schritte, die für die zu bewertenden Gesellschaften CAESAR und Mars und ggf. separat zu bewertenden Tochtergesellschaften durchzuführen sind:

a) Analyse der Vermögens- und Finanzlage der Gesellschaft einschließlich Identifikation von nicht betriebsnotwendigem Vermögen

b) Analyse der Vergangenheitsergebnisse und ihrer Haupteinflussfaktoren als Indikator für die Zukunftserfolge der Gesellschaft

c) Bereinigung der Vergangenheitsergebnisse

d) Analyse der Planungstreue

e) Plausibilisierung der Unternehmensplanung unter Berücksichtigung der Ergebnisse der Vergangenheitsanalyse auf Basis von Detailplänen, weiteren zur Verfügung gestellten Unterlagen, Interviews mit der Geschäftsführung bzw. dem Vorstand und den Planungsverantwortlichen sowie Marktanalysen

f) Ableitung der zu diskontierenden Free Cashflows aus dem betriebsnotwendigen Vermögen

g) Ableitung der Kapitalkosten

h) Bewertung gegebenenfalls vorhandenen nicht betriebsnotwendigen Vermögens

i) Ableitung der Unternehmenswerte für CAESAR und Mars unter Berücksichtigung der zu bewertenden Synergien nach dem DCF-Verfahren und Bestätigung, dass vorliegend nach dem Ertragswertverfahren ein identisches Ergebnis erzielt wird

j) Berücksichtigung der Verlustvorträge im Rahmen der Bewertung der Synergieeffekte

k) Separate Bewertung der Wandelschuldverschreibung auf der Grundlage der diesbezüglich vereinbarten Parameter, soweit erforderlich

l) Plausibilisierung des Bewertungsergebnisses auf Basis einer Multiplikatorbewertung

m) Überschlägige Ermittlung des Liquidationswerts der Gesellschaft zur Ableitung einer Wertuntergrenze

n) Ableitung des Austauschverhältnisses sowie der Anzahl der neu auszugebenden Aktien auf Basis der Bewertungsergebnisse (inkl. Diskussion des Austauschverhältnisses auf der Basis des Börsenkurses von CAESAR)

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o) Zusammenfassung der vorläufigen, bis Ende November erarbeiteten Ergebnisse in Form eines Kurzberichts in Präsentationsform in deutscher Sprache sowie englischer Übersetzung

p) Erstellung des finalen Gutachtens, das zur Einladung zur Hauptversammlung vorgelegt werden soll und die endgültigen Ergebnisse der Bewertungsarbeiten enthält, ebenfalls in Präsentationsform in deutscher Sprache sowie englischer Übersetzung

q) Präsentation der Ergebnisse der Unternehmensbewertung in einer Vorstands- und Aufsichtsratssitzung der CAESAR

r) Unterstützung bei der Vorbereitung und Durchführung von Gremiensitzungen sowie der Hauptversammlung

Wir weisen ausdrücklich darauf hin, dass die Bestimmung des Auftragsgegenstands und Leistungsumfangs durch Sie erfolgt. Aus diesem Grund liegt die Verantwortung dafür, ob die von uns zu erbringenden Leistungen für Ihre Zwecke ausreichend und tauglich sind, ausschließlich bei Ihnen. Weiterhin weisen wir darauf hin, dass wir keinerlei Prüfungshandlungen im Sinne der §§ 316 ff. HGB vornehmen werden.

Sie sind unser Hauptansprechpartner für das Projekt. Ergänzend werden Sie uns bei Bedarf je Gesellschaft geeignete Personen benennen, die uns als weitere verantwortliche Ansprechpartner für die Dauer des Projekts verantwortlich zur Verfügung stehen.

Es ist unser Verständnis, dass die Zusammenarbeit mit Ihren anderen externen Beratern im Projekt Caesar während der gesamten Projektlaufzeit explizit von Ihnen gewünscht ist. Sollte das situationsbezogen nicht oder nicht mehr der Fall sein, bitten wir um Nachricht.

Wir gehen davon aus, uneingeschränkten Zugang zum Management und zu allen Informationen, Daten und Dokumenten erhalten, die für die im Leistungsumfang genannten Arbeiten erforderlich sind.

Unsere Arbeiten werden wir voraussichtlich in unseren Büros in Hamburg und Düsseldorf und - soweit erforderlich - am Hauptsitz der CECONOMY in Düsseldorf durchführen.

2.2. Berichterstattung

Das Ergebnis unserer Tätigkeit werden wir in Form eines vorläufigen Kurzberichts sowie eines finalen Gutachtens in Präsentationsform in deutscher Sprache und englischer Übersetzung zusammenfassen wie im Abschnitt 2.1. Auftragsumfang unter o) und p) beschrieben (nachfolgend auch „Berichte" oder „Arbeitsergebnisse" genannt).

2.3. Unser Projektteam

Komplexität und Umfang des Auftrags erfordern ein erfahrenes Team unsererseits sowie eine enge Zusammenarbeit zwischen dem Projektteam und Ihnen sowie den von Ihnen benannten Ansprechpartnern.

Engagement letter (3/8)

Seitens PwC steht das Projekt unter der gemeinsamen Verantwortung von Herrn Dr. Christian Wulff, Partner im Bereich Deals (Valuation, Modeling and Analytics) - Retail & Consumer in Hamburg/ Düsseldorf (Tel.: +49 40 6378-1312, E-Mail: christian.wulff@pwc.com) und Herrn Frederic Werner, Partner im Bereich Deals (Valuation, Modeling and Analytics) in Düsseldorf, spezialisiert auf Bewertungen im gesellschaftsrechtlichen Kontext (Tel.: +49 69 9585 5521, E-Mail: frederic.werner@pwc.com).

Die Projektleitung obliegt Herrn Ulrich Lorchheim, Senior Manager im Bereich Transactions (Valuation, Modeling and Analytics) in Düsseldorf (Tel.: +49 211 981-2134, E-Mail: ulrich.lorchheim@pwc.com).

2.4. Zeitplan

Abstimmungsgemäß haben wir mit den Arbeiten bereits begonnen und werden diese entsprechend des mit Ihnen verabredeten Zeitplans fortsetzen. Zu diesem Zeitplan zählen u.a. der sofortige Stopp unserer Arbeiten, wenn ein wesentlicher Meilenstein in den Verhandlungen nicht erreicht werden kann, die Vorlage einer Kurzfassung des Ergebnisberichts bis zum 2. Dezember 2020 sowie die Vorlage des finalen Gutachtens zum 4. Januar 2021.

Dies setzt voraus, dass die erforderlichen Gesprächspartner Ihrerseits zur Verfügung stehen und die benötigten Unterlagen und Informationen umfassend, vollständig und termingerecht bereitgestellt werden.

2.5. Honorar

[redacted]

[redacted]

2.6. Vollständigkeitserklärung

Wir weisen Sie darauf hin, dass die Verantwortung für die Erstellung der uns von Ihnen zur Ver-fügung gestellten Unterlagen und Informationen sowie deren Richtigkeit und Vollständigkeit al-leine Ihnen obliegt. Wir werden Sie bitten, eine berufsübliche Vollständigkeitserklärung zu un-terzeichnen.

B. Ergänzende Bestimmungen

1. Verwendung und Weitergabe unseres Arbeitsergebnisses

Unsere Berichte sind ausschließlich zur internen Verwendung durch den Auftraggeber sowie für die Aufnahme in den Bericht des Vorstands über den Ausschluss des Bezugsrechts bestimmt. Die interne Verwendung umfasst die Veröffentlichung im Zusammenhang mit der Vorbereitung und Durchführung der beschlussfassenden Hauptversammlung der CECONOMY und die Verwendung/Vorlage in diesbezüglichen Anfechtungs- und Freigabeverfahren betref-fend die vorstehend benannten Hauptversammlungsbeschlüsse.

Engagement letter (4/8)

Da unsere Berichte nicht zur Veröffentlichung bestimmt sind, dürfen sie weder ganz noch teilweise in einem der Öffentlichkeit zugänglichen Dokument, im Internet oder in anderen an die Öffentlichkeit gerichteten Medien veröffentlicht oder in Bezug genommen werden. Eine Verwendung im Rahmen von gerichtlichen Verfahren bleibt hierdurch unberührt.

Sie dürfen unsere Arbeitsergebnisse weitergeben (i) an Finanzbehörden, (ii) an ihre rechtlichen oder steuerlichen Berater, sofern diese die Arbeitsergebnisse verschwiegen behandeln, (iii) an Intermediäre im Sinne der DAC 6 Richtlinie (EU 2018/822) in der jeweiligen nationalen Umsetzung und (iv) sofern dies aufgrund einer gesetzlichen oder behördlichen Anordnung erforderlich ist und (v) im Zusammenhang mit gerichtlichen Verfahren.

In all diesen Fällen gilt, dass unsere Verantwortung für diesen Auftrag und unsere Arbeitsergebnisse ausschließlich gegenüber Ihrer Gesellschaft besteht. Gegenüber den genannten sonstigen Empfängern übernehmen wir keine Verantwortung, Sorgfaltspflicht oder Haftung, insbesondere nicht dafür, dass unsere Arbeitsergebnisse auch für deren Zwecke tauglich oder ausreichend sind. Eine Verantwortung für vorsätzliches Handeln unsererseits bleibt hiervon ausgenommen.

Vorbehaltlich der vorstehenden Regelung weisen wir darauf hin, dass die Weitergabe unserer Arbeitsergebnisses an Dritte gemäß Nr. 6 Abs. 1 der als Anlage beigefügten Allgemeinen Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften vom 1. Januar 2017 (AAB) unserer vorherigen schriftlichen Zustimmung bedarf. Einer Weitergabe unserer Arbeitsergebnisses werden wir nach pflichtgemäßem Ermessen unter der Voraussetzung zustimmen, dass (a) unsere Haftung nach Nr. 9 Abs. 2 und Abs. 5 der AAB Ihnen sowie allen weiteren Personen, die unsere Arbeitsergebnisse mit unserer Zustimmung erhalten, gegenüber gemeinschaftlich gilt und (b) sich jeder der weiteren Empfänger durch Unterzeichnung einer Erklärung ("Release Letter"), die wir Ihnen im Bedarfsfall gern zur Verfügung stellen, mit darin enthaltenen Bedingungen für eine Weitergabe einverstanden erklärt.

Sollte eine dieser dritten Parteien die Arbeitsergebnisse nicht zum Zwecke Ihrer Beratung verwenden wollen, weisen wir darauf hin, dass dies unserer besonderen Zustimmung bedarf.

Einer Weitergabe unserer Arbeitsergebnisse an Ihre verbundenen Unternehmen im Sinne des § 15 AktG stimmen wir mit der Maßgabe zu, dass Sie sicherstellen, dass diese (a) unser Arbeitsergebnisse vertraulich behandeln und (b) keine über unser Auftragsverhältnis mit Ihnen hinausgehenden Ansprüche gegen uns geltend machen werden, d.h. insbesondere anerkennen, dass unsere Haftung nach Nr. 9 Abs. 2 und Abs. 5 der AAB Ihnen sowie Ihren verbundenen Unternehmen gegenüber gemeinschaftlich gilt. § 334 BGB bleibt unberührt.

2. Referenz

Wir gehen davon aus, dass wir Sie und das vorliegende Mandat nach vorheriger schriftlicher Zustimmung durch CECONOMY als Referenz nennen dürfen, z.B. in Broschüren und Publikationen (wie Referenzlisten). Sollten Sie hiermit nicht einverstanden sein, bitten wir um einen entsprechenden Hinweis.

3. PwC-Netzwerk

Bei Durchführung dieses Auftrags behalten wir uns im Rahmen unserer Eigenverantwortlichkeit vor, auf die personellen Ressourcen sowie auf technische, fachliche und/oder administrative Unterstützungsleistungen anderer Gesellschaften des internationalen PricewaterhouseCoopers-Netzwerks zurückzugreifen und dementsprechend auftragsbezogene vertrauliche Informationen weiterzugeben.

Unbeschadet dessen verbleibt die Verantwortung für die Auftragsdurchführung in vollem Umfang bei uns. Etwaige Haftungsansprüche können daher ausschließlich gegen uns geltend gemacht werden, nicht aber gegen andere Gesellschaften des internationalen PricewaterhouseCoopers-Netzwerks, deren Partner oder Mitarbeiter. Eine Auflistung der Servicegesellschaften finden Sie unter www.pwc.de/service.

4. Datenspeicherung und elektronische Kommunikation

Wir gehen davon aus, dass wir zur rationelleren Gestaltung unserer innerbetrieblichen Abläufe auftragsbezogene Informationen und Daten in elektronisch verwalteten Dateien speichern und auswerten dürfen. Solche Informationen und Daten dürfen auch auf dezentralen Speichermedien externer Dienstleister abgelegt werden. Über die weiteren Einzelheiten können Sie sich auf unserer Internetseite (www.pwc.de/external-service-providers) informieren.

Sollte im Zusammenhang mit unserer Tätigkeit eine Kommunikation per E-Mail erfolgen, wird keine Vertragspartei Ansprüche aus dem Umstand herleiten, dass E-Mail-Nachrichten einschließlich Anhängen von Dritten gelesen, verändert, verfälscht werden, verloren gehen oder mit Viren befallen sein können. Soweit wir Ihnen wunschgemäß unsere Arbeitsergebnisse in elektronischer Form zuleiten, beachten Sie bitte, dass gleichwohl allein die Ihnen von uns zugeleitete schriftliche und unterzeichnete Fassung verbindlich ist.

5. Datennutzung

Sie sind damit einverstanden, dass wir und sämtliche Gesellschaften des weltweiten PricewaterhouseCoopers-Netzwerks Daten, die wir von Ihnen erhalten, über dieses Auftragsverhältnis hinaus auch zu Analyse- und Entwicklungszwecken, z.B. die Erstellung von Benchmarks, Markt- und Kostenanalysen sowie die Fortentwicklung unserer Technologien, Methoden, Qualitätsstandards und Dienstleistungen, verwerten dürfen.

Bei der Verwertung werden wir sicherstellen,

- dass die gesetzlichen Datenschutzbestimmungen eingehalten werden und
- dass Dritte infolge der Verwertung weder Sie noch Ihre Daten identifizieren können.

Engagement letter (5/8)

6. Dienstleistungen für andere Mandanten

PwC und andere Mitglieder des internationalen PricewaterhouseCoopers-Netzwerks bieten einer Vielzahl von Mandanten ein breites Dienstleistungsspektrum an. Es ist möglich, dass einige von diesen mit Ihnen im Wettbewerb stehen oder Interessen haben, die mit Ihren Interessen im Konflikt stehen. Durch die Geschäftsbeziehung zu Ihrer Gesellschaft oder durch sonstige Regelungen dieses Vertrages werden wir nicht daran gehindert oder beschränkt, für andere Mandanten tätig zu werden. Unsere standardisierten internen Regelungen und Maßnahmen sind darauf ausgerichtet zu gewährleisten, dass vertrauliche Informationen, die wir im Verlauf der Auftragsdurchführung erhalten, auch unternehmensintern vertraulich behandelt werden, so dass Ratschläge und Einschätzungen, die Sie von uns erhalten, vollständig unabhängig bleiben. So wie wir für Sie bestimmte vertrauliche Informationen nicht zum Vorteil anderer verwenden werden, werden wir auch für andere bestimmte vertrauliche Informationen nicht zu Ihrem Vorteil nutzen.

Wir können nicht vollkommen ausschließen, dass wir nicht alle möglichen Situationen identifizieren, die Sie als Interessenkonflikt ansehen würden, die jedoch keinen Interessenkonflikt im Sinne des Gesetzes oder berufsrechtlicher Regelungen darstellen. Wir bitten Sie deshalb, uns unverzüglich zu informieren, falls aus Ihrer Sicht ein potenzieller Interessenkonflikt bezüglich dieses Auftrags vorliegen könnte.

7. Anti-Korruption

PwC verpflichtet sich zur Beachtung der Anti-Korruptionsklausel der CECONOMY in der im folgenden dargestellten Fassung:

PwC verpflichtet sich, im Zusammenhang mit der Anbahnung und Durchführung des Vertrages weder selbst, noch durch ihre Organmitglieder, Mitarbeiter oder durch von ihnen beauftragte Dritte, strafbare Handlungen zu begehen und / oder geltendes Recht und geltende Normen bezogen auf den gegenständlichen Vertrag zu verletzten. Die Parteien verpflichten sich weiterhin in ihrem Geschäfts- und Verantwortungsbereich alle erforderlichen und zumutbaren Maßnahmen zur Vermeidung von Korruption zu treffen. Insbesondere wird keine Partei nach dem jeweils anwendbaren und geltenden Recht kriminelle Handlungen mit wirtschaftlichem Hintergrund begehen, wie beispielsweise Betrug, Geheimnisverrat, Fälschung von Unterlagen oder Daten, das Anbieten, Versprechen oder die Gewährung von Vorteilen an ein Organmitglied oder Mitarbeiter des Vertragspartners.

Im Falle der Zuwiderhandlung gegen diese Antikorruptionsklausel durch PwC ist die CECONOMY AG nach vorheriger erfolgloser schriftlicher Abmahnung zur außerordentlichen fristlosen Kündigung dieses Vertrages berechtigt. Im Falle des schwerwiegenden Verstoßes ist eine Abmahnung nicht erforderlich. Schadensersatzansprüche bleiben vorbehalten.

PwC ist bekannt, dass die CECONOMY AG ein System zur Meldung von (potentiellen) Compliance-Vorfällen bereithält. Über dieses System können auch anonyme Meldungen getätigt werden. Das System ist über die Internetseite der CECONOMY AG und die Internetseiten der einzelnen Konzerngesellschaften erreichbar.

8. Haftung und sonstige Abreden

Diesem Auftrag legen wir im Übrigen, und zwar auch mit Wirkung gegenüber Dritten, die als Anlage 1 beigefügten berufsüblichen Allgemeinen Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften vom 1. Januar 2017 zugrunde.

Falls nach Ihrer Auffassung das voraussehbare Vertragsrisiko die in Nr. 9 Abs. 2 und Abs. 5 der AAB genannten Haftungshöchstbeträge nicht unerheblich übersteigt, sind wir bereit, gegen entsprechende Vergütung für die Risikoübernahme eine angemessene höhere Haftungssumme zu vereinbaren, vorausgesetzt dass hierfür Versicherungsschutz vereinbart werden kann.

Für gesetzlich vorgeschriebene Leistungen, für die jeweils anzuwendende gesetzliche Haftungsbeschränkungen gelten, bleibt es bei Nr. 9 Abs. 1 der AAB.

Um Sie umfassend und bestmöglich betreuen und laufend über unsere Dienstleistungen informieren zu können, gehen wir auch davon aus, dass wir berechtigt sind, allgemeine auftrags- und gesellschaftsbezogene Informationen an Tochtergesellschaften der PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft sowie andere Mitgliedsfirmen des internationalen PricewaterhouseCoopers-Netzwerks weiterzugeben. Alle Mitgliedsfirmen des internationalen PricewaterhouseCoopers-Netzwerks sind selbstverständlich zur Verschwiegenheit verpflichtet.

Ungeachtet etwaiger anderslautender Vereinbarungen sind wir gemäß unseren berufsrechtlichen Aufbewahrungspflichten und im Rahmen unserer diesbezüglichen Verschwiegenheitspflicht berechtigt, Abschriften von projektbezogenen Arbeitspapieren aufzubewahren.

Die deutsche Umsetzung der Europäischen Änderungsrichtlinie 2018/822/EU (DAC6) hat zur Einführung neuer Regelungen in die Abgabenordnung geführt (§§ 138d ff. AO). Diese können Meldepflichten für uns und auch für Sie auslösen, wenn sich unsere Leistungen auf grenzüberschreitende Gestaltungen beziehen, die im Gesetz angelegte Voraussetzungen erfüllen.

Falls Ihnen eine Meldepflicht gemäß §§ 138d ff. AO obliegt, entbinden Sie PwC gegenüber den deutschen Steuerbehörden oder denen anderer EU-Mitgliedstaaten von der Verschwiegenheit zum Zwecke der Meldung der Gestaltungen, soweit uns diese im Zusammenhang mit dem Auftragsgegenstand bekannt geworden sind und wir diese für meldepflichtig erachten. Wir informieren Sie selbstverständlich über eine Meldepflicht, wenn wir eine solche als notwendig erachten.

Die Parteien haften einander nicht für die Verletzung vertraglicher Pflichten, soweit deren Verletzung auf höherer Gewalt beruht. Unter „höherer Gewalt“ werden alle ohne Verschulden der Parteien unvorhersehbar eingetretenen Ereignisse, welche sich trotz der gebotenen Sorgfalt nicht vermeiden lassen und deren Folgen nicht abgewendet werden konnten, verstanden. Als höhere Gewalt sind insbesondere Naturkatastrophen, Unruhen, Epidemien oder ähnliche Umstände anzusehen.

Die Partei, die sich auf höhere Gewalt beruft, wird die andere Partei unverzüglich über die Gründe der Verzögerung informieren und die voraussichtliche Dauer der Verzögerung mitteilen.

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Solange ein Ereignis höherer Gewalt andauert, ist die zur Leistungserbringung verpflichtete Partei von ihrer Verpflichtung befreit, vorausgesetzt, sie hat sämtliche zumutbaren Maßnahmen zur Wiederaufnahme der Leistungserbringung ergriffen und die andere Partei über die Umstände, die der Fortdauer des Leistungshindernisses zugrunde liegen, fortlaufend informiert. Leistungsverzögerungen aufgrund höherer Gewalt und aufgrund von Ereignissen, die einer Partei die Leistung nicht nur vorübergehend wesentlich erschweren oder unmöglich machen, hat die jeweilige Partei auch bei verbindlich vereinbarten Fristen und Terminen nicht zu vertreten.

Ausschließlicher Gerichtsstand für alle Streitigkeiten aus oder im Zusammenhang mit diesem Auftragsverhältnis ist Frankfurt am Main.

9. Anerkennung unserer Bedingungen

Wir hoffen, dass unser Angebot Ihren Erwartungen entspricht, und freuen uns, für Sie tätig zu werden. Zur Erteilung des Auftrags bitten wir Sie, die Zweitschrift (einschließlich aller Anlagen und der AAB) unterschrieben an uns zurückzusenden.

Mit freundlichen Grüßen

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Christian Wulff

ppa. Ulrich Lorchheim

Anlagen

Anlage 1: Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften in der Fassung vom 1. Januar 2017

Anlage 2: Reisekostenregelung der CECONOMY AG

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Einverständniserklärung des Auftraggebers

Ich bin/Wir sind mit dem vorgenannten Auftragsinhalt sowie den zugrunde liegenden Allgemeinen Auftragsbedingungen in der Fassung vom 1. Januar 2017 einverstanden.

Ort, Datum: Düsseldorf, 26.11.2020

Unterschrift 1:

Name und Position: B. DÜTTMANN

Name des Unternehmens: CECONOMY AG

Ort, Datum: Düsseldorf, 26.11.2020

Unterschrift 2:

Name und Position: V. Sonnenmoser

Name des Unternehmens: Ceconomy AG

Rücksendung vorab per E-Mail an:

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft
Alsterufer 1
20354 Hamburg
Herrn Dr. Christian Wulff
E-Mail: christian.wulff@pwc.com

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Angebot für die CECONOMY AG vom 26. November 2020

Anlage 1: Allgemeine Auftragsbedingungen

Allgemeine Auftragsbedingungen
für
Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften
vom 1. Januar 2017

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Anlage 2: Reisekostenregelung der CECONOMY AG

CECONOMY

Anlage 6 zur Beraterrichtlinie

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Externe Beraterrichtlinie - Reisekostenregelung

Flüge/Bahnfahrten

_Flüge innerhalb Deutschlands sind stets in der Economy Class (best price) zu buchen.

_Grenzüberschreitende Flüge sind bei einer Reisedauer – reine Flugzeit, ohne Umsteigezeiten – von bis zu vier Stunden in der Economy Class (best price) zu buchen; bei mehr als vier Stunden Reisedauer kann Business Class (best price) gebucht werden.

_Für Bahnfahrten innerhalb der EU und der Schweiz ist 2. Klasse zu buchen, sofern die Reisedauer einschl. Umsteigezeiten zwei Stunden nicht überschreitet; für Bahnfahrten, die zwei Stunden Reisedauer überschreiten, kann 1. Klasse gebucht werden.

_Für Bahnfahrten außerhalb der EU und der Schweiz kann stets 1. Klasse gebucht werden.

_Fahrtkosten ohne Belege können nicht vergütet werden.

_Belege für Fahrtkosten (z.B. Taxiquittungen) müssen Start- und Zielort angeben.

Hotels

_Kategorie "guter Business Standard".

Mietwagen

_Kompaktklasse oder Kleinfahrzeuge.

CECONOMY | Anlage 6 zur Beraterrichtlinie | nur zum internen Gebrauch | April 2018 | // 2

List of abbreviations

List of abbreviations (1/7)

Abbreviation	Definition
3D VWAP	volume weighted average three day price
3M VWAP	volume weighted average three months price
5D VWAP	volume weighted average five day price
AG	German Stock Corporation (*Aktiengesellschaft*)
Amazon	Amazon.com, Inc., Seattle, Washington/USA
B2B	business-to-business
Best Buy Co., Inc.	Best Buy Co., Inc., Richfield, Minnesota/USA
Bloomberg	Bloomberg L.P., New York, New York/USA
CAGR	compound annual growth rate
Capex	capital expenditures (investments)
CAPM	Capital Asset Pricing Model
CC	Cash & Carry
CE	Consumer Electronics

List of abbreviations (2/7)

Abbreviation	Definition
CECONOMY	CECONOMY AG, Düsseldorf
CECONOMY Digital GmbH	CECONOMY Digital GmbH, Düsseldorf
CECONOMY Dreizehnte Gesellschaft für Vermögensverwaltung mbH	CECONOMY Dreizehnte Gesellschaft für Vermögensverwaltung mbH, Ingolstadt
CECONOMY Erste Vermögensverwaltungs GmbH	CECONOMY Erste Vermögensverwaltungs GmbH, Düsseldorf
CECONOMY Invest GmbH	CECONOMY Invest GmbH, Düsseldorf
CECONOMY Pensionssicherungs GmbH	CECONOMY Pensionssicherungs GmbH, Düsseldorf
CECONOMY Retail	CECONOMY Retail GmbH, Düsseldorf
CECONOMY Retail International GmbH	CECONOMY Retail International GmbH, Düsseldorf
Convergenta Invest	Convergenta Invest GmbH, Bad Wiessee
COVID-19	Corona virus disease 2019 (Coronavirus-Krankheit-2019)
D/E	Debt/Equity (degree of leverage)

List of abbreviations (3/7)

Abbreviation	Definition
DACH (Region)	Germany, Austria, Switzerland and Hungary
DCF	discounted cash flow
Dixons Carphone plc	Dixons Carphone plc, London/Great Britain
DTB	Deutsche Technikberatung GmbH, Hürth
e.g.	for example
EBIT	earnings before interest and taxes
EBITDA	earnings before interest, taxes, depreciation and ammortization
EUR	Euro
EV	enterprise value
Fnac Darty S.A.	Fnac Darty S.A., Ivry-sur-Seine, Ile-de-France/France
Franz Haniel & Cie. GmbH	Franz Haniel & Cie. GmbH, Duisburg
freenet AG	freenet AG, Büdelsdorf
FY	fiscal year (financial year)

List of abbreviations (4/7)

Abbreviation	Definition
GewSt	trade tax (*Gewerbesteuer*)
GFK	GFK SE, Nürnberg
Giovanni Agnelli B.V.	Giovanni Agnelli B.V., Amsterdam/Niederlande
GmbH	German company with limited liability (*Gesellschaft mit beschränkter Haftung*)
GmbH & Co. KG	limited partnership with a GmbH as the general partner (*GmbH & Co. Kommanditgesellschaft*)
HGB	German Commercial Code (*Handelsgesetzbuch*)
iBOOD	iBOOD GmbH, Berlin
IDW	German Institute of Accountants (*Institut der Wirtschaftsprüfer in Deutschland e.V*), Düsseldorf
IFRS	International Financial Reporting Standard(s)
IMF	International Monetary Fund, Washington, D. C./USA
incl.	including
KG	German limited partnership (*Kommanditgesellschaft*)
KSt	German abbreviation for corporate income tax (*Körperschaftssteuer*)
M.video	Public Joint Stock Company M.video, Moscow/Russia

List of abbreviations (5/7)

Abbreviation	Definition
max	maximum
Meridian Stiftung	Meridian Stiftung, Essen
METRO AG	METRO AG, Düsseldorf
min	minimum
Mio.	millions
MoU	memorandum of understanding dated 20 November 2020
MPKG	METRO PROPERTIES GmbH & Co. KG, Düsseldorf
MRP	market risk premium
MSH	Media-Saturn-Holding GmbH, Ingolstadt
MWFS Zwischenholding	MWFS Zwischenholding GmbH & Co. KG, Düsseldorf
MWFS Zwischenholding Management GmbH	MWFS Zwischenholding Management GmbH, Düsseldorf
NOPLAT	net operating profit less adjusted taxes
notebooksbilliger.de	Notesbooksbilliger.de AG, Sarstedt

List of abbreviations (6/7)

Abbreviation	Definition
NWC	net working capital
Olympia Group Ltd.	Olympia Group Ltd., Limassol/Cypres
Otto	Otto GmbH, Hamburg
Prof. Beisheim Stiftungen	Prof. Otto Beisheim Stiftung, München and Prof. Otto Beisheim Stiftung, Baar/Schweiz
P&L	profit and loss statement
PLR	profit/loss ratio
PMG Retail Market Ltd.	PMG Retail Market Ltd., Limassol/Cypres
POS	point of sale
redcoon	Redcoon GmbH, Aschaffenburg
RTS	RTS Elektronik Systeme GmbH, Wolnzach
S&P Capital IQ	S&P Capital IQ, New York, New York/USA
S&S	supplies and services
Safmar	SAFMAR Group JSC, Moscow/Russia

List of abbreviations (7/7)

Abbreviation	Definition
SE	Societas Europaea (legal form for stock corporations in the EU)
TV	terminal value
UniEuro	UniEuro S.p.A., Forli/Italy
VWAP	volume weighted average price
WACC	weighted average cost of capital
WSV	German abbreviation for convertible bonds (*Wandelschuldverschreibungen*)
xplace	xplace GmbH, Göttingen
YTD	year to date

Standard terms and conditions

Standard terms and conditions

[Translator's notes are in square brackets]

General Engagement Terms
for
Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften
[German Public Auditors and Public Audit Firms]
as of January 1, 2017

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [*Translators Note: The German term "Textform" means in written form, but without requiring a signature*] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party

b) examination of tax assessments in relation to the taxes referred to in (a)

c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)

d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)

e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;

b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;

c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and

d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.