CECONOMY

Q2/H1 2021/22

HALF-YEAR FINANCIAL REPORT

13 May 2022

SELECTED KEY FIGURES

Q2 2021/22

+18.8%

Significant sales increase[1] against previous year's low figure

–62 €m

Adjusted EBIT[2] € 84 million above previous year due to sales growth and increase in gross margins

[1] Sales adjusted for currency effects and portfolio changes
[2] Adjusted EBIT before non-recurring effects, associates and portfolio changes

SELECTED KEY FIGURES

H1 2021/22

+2.1%

Half-year sales[1] above previous year thanks to second quarter

212 €m

Adjusted EBIT[2] in H1 2021/22 €12 million above previous year due to sales

[1] Sales adjusted for currency effects and portfolio changes
[2] Adjusted EBIT before non-recurring effects, associates and portfolio changes

THE FIRST HALF YEAR IN REVIEW

»
We have always said that we will grow again as soon as the conditions for the retail industry return to semi-normal. This is confirmed by our performance in the second quarter. We have made progress with the execution of our customer-oriented omnichannel strategy, and this is paying off. We remain optimistic for the year ahead, even though external factors are currently weighing down consumer sentiment.
«

Dr Karsten Wildberger,
Chief Executive Officer

»
The extent of the impact of currently negative external factors – including the Russian war of aggression against Ukraine – is difficult to estimate at this time. In the challenging environment of recent months, however, we have held our own and made further operating progress. Despite the persisting, extremely adverse conditions, we confirm our expectation of a very clear increase in adjusted EBIT and a slight increase in sales adjusted for currency effects and portfolio changes in the full year 2021/22.
«

Florian Wieser,
Chief Financial Officer

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This document is a half-year financial report in accordance with Section 115 WpHG [German Securities Trading Act].

CECONOMY is generally steered on the basis of performance indicators derived from IFRS (International Financial Reporting Standards). In addition, the following key performance indicators apply: total sales growth adjusted for currency effects and portfolio changes and EBIT adjusted for portfolio changes and earnings effects from companies accounted for using the equity method. For the forecast key figures, the previous year's figures are adjusted accordingly. In financial year 2021/22, an adjusted EBIT also applies; the adjustment relates to non-recurring earnings effects in connection with (1) COVID-19-related store closures, (2) the introduction of a harmonized group-wide organizational structure ("Operating Model") and (3) the transaction announced on 14 December 2020 regarding the acquisition of the minority shareholding in MediaMarktSaturn as well as reorganization and simplification of the corporate structure. Details of the programmes are explained below:

(1) The COVID-19-related store closures relate to the permanent closures of MediaMarkt and Saturn stores in several European countries which have lower footfall as a result of the COVID-19 pandemic and cannot be brought back into the profit zone from the company's point of view.

(2) The Operating Model focuses in particular on the harmonization of structures and standardized, efficient processes and procedures for the administrative functions in the country organizations of MediaMarktSaturn. In addition, the management structures in the stores will be unified throughout Europe and the relief from administrative tasks will enable employees to focus on the customer experience to the greatest extent possible.

(3) The transaction relates to CECONOMY AG's acquisition of the 21.62 per cent minority stake in Media-Saturn-Holding GmbH ("MediaMarktSaturn") held by Convergenta Invest GmbH. The parties thereby intend to reorganize their shareholdings in MediaMarktSaturn and to achieve, among other things, a stronger focus on the operating business and the realization of considerable synergies based on a simplified company structure and governance. At the extraordinary General Meeting on 12 April 2022, 98.29 per cent of the shareholders of CECONOMY AG voted in favour of the den capital measures in connection with the acquisition of Convergenta Invest GmbH's minority stake in MediaMarktSaturn by CECONOMY AG.

The adjustment also affects the previous year's figures.

For more details on the management-relevant key performance indicators, please refer to pages 29 to 32 of CECONOMY's Annual Report 2020/21.

Recognized tax expenses were calculated in accordance with the regulations governing interim financial reporting using the so-called integral approach.

Commercial rounding is used for the figures shown in this half-year financial report. This may result in some individual figures not adding up to the totals shown.

FINANCIAL FIGURES AT A GLANCE[1]

Sales and earnings

€ million	Q2 2020/21	Q2 2021/22	Change	H1 2020/21	H1 2021/22	Change
Sales	4,322	5,019	16.1%	11,786	11,873	0.7%
Sales development adjusted for currency effects and portfolio changes	−5.7%	18.8%	–	4.5%	2.1%	–
Like-for-like sales development	−4.6%	18.0%	–	5.1%	2.3%	–
Gross margin	14.9%	17.1%	2.2%p.	16.2%	17.2%	1.0%p.
EBIT	−2	−35	<−100%	338	241	−28.8%
Adjusted EBIT	−146	−62	57.4%	199	212	6.1%
Adjusted EBIT margin	−3.4%	−1.2%	2.1%p.	1.7%	1.8%	0.1%p.
Net financial result	4	−7	–	−6	−17	<−100%
Tax rate	<−100%	20.3%	–	18.5%	43.4%	24.9%p.
Profit or loss for the period attributable to non-controlling interests	−27	−13	52.7%	24	25	3.4%
Net result	94	−21	–	247	102	−58.8%
Earnings per share (€)	0.26	−0.06	−0.32	0.69	0.28	−0.40

Other operating key figures

€ million	Q2 2020/21	Q2 2021/22	Change	H1 2020/21	H1 2021/22	Change
Online sales	2,119	1,267	−40.2%	4,378	3,155	−27.9%
Services & Solutions sales	199	307	54.5%	542	651	20.1%
Investments	199	177	−10.9%	282	322	14.2%

Cash flow

€ million	H1 2020/21	H1 2021/22	Change
Cash flow from operating activities	−346	−246	100
Cash flow from investing activities	12	−19	−31
Cash flow from financing activities	−244	−568	−325
Change in net working capital[2]	−852	−407	445
Free cash flow	−425	−342	83

Statement of financial position

€ million	31/03/2021	31/03/2022	Change
Net working capital	−382	−411	−29
Net liquidity (+)/Net debt (–)	−1,462	−1,824	−362

Other operating key figures (as of 31/03)

	31/03/2021	31/03/2022	Change
Number of stores	1,037	1,015	−22
Total selling space (thousand m²)	2,658	2,559	−99
Workforce by full-time equivalents	45,397	44,758	−639

[1] Business figures represent the continuing operations of CECONOMY
[2] Change in net working capital shown from the related statement of financial position items, mainly adjusted for non-cash items

INTERIM GROUP MANAGEMENT REPORT

Outlook

The previous year's high level of uncertainty regarding future macroeconomic and sector-specific parameters persists in financial year 2021/22. These include the ongoing COVID-19 pandemic and the fact that many supply chains are still under strain. With accelerating inflation in Europe and the Russian war of aggression against Ukraine, the macroeconomic and geopolitical environment has also substantially changed. CECONOMY expects this to temporarily but tangibly weaken consumer confidence in Europe, the extent and duration of which cannot be foreseen.

The outlook is based on the assumption that the continued influence of the above economic and geopolitical uncertainty factors on the Group's situation will not materially deviate from the level as of the date the outlook was formulated. CECONOMY will continue to consistently and successfully implement its strategic and operating initiatives in a challenging market environment. Due to the currently extremely dynamic situation, the above assumptions are nevertheless associated with corresponding uncertainty.

SALES

CECONOMY expects a slight year-on-year increase in total sales adjusted for exchange rate effects for financial year 2021/22 (total sales in financial year 2020/21: €21,361 million), driven in particular by the Eastern Europe segment. The DACH and Western/Southern Europe segments are expected to be on the previous year's level. Initially, CECONOMY had also expected slight sales growth in the DACH segment.

EARNINGS

For financial year 2021/22, CECONOMY expects a very clear increase in adjusted EBIT compared with the previous year (2020/21: €237 million). This will be driven in particular by the DACH and Western/Southern Europe segments. The Eastern Europe segment is expected to be below the previous year, mainly due to exchange losses in Turkey. Initially, CECONOMY had also expected EBIT growth in the Eastern Europe segment.

The outlook is adjusted for portfolio changes and does not take into account the earnings effects from companies accounted for using the equity method. As in the past financial year 2020/21, non-recurring earnings effects in connection with COVID-19-related store closures as well as the introduction of a harmonized group-wide organizational structure ("Operating Model") announced on 12 August 2020 are not included. Expenses in connection with the transaction announced on 14 December 2020 regarding the acquisition of the minority shareholding in MediaMarktSaturn as well as the reorganization and simplification of the corporate structure are also not taken into account.

Events in the first half year

On 5 November 2021, CECONOMY AG announced in an ad hoc disclosure that the Group will again submit the transaction with Convergenta Invest GmbH to the General Meeting and propose a dividend distribution of around €63 million at the Annual General Meeting on 9 February 2022. With this dividend distribution, (i) the preference shareholders' claim to a dividend for the financial year ending 30 September 2021 and all claims to a preference dividend to be paid in arrears are met and (ii) a dividend payment of €0.17 per share is made to the ordinary shareholders.

On 8 November 2021, it became known that CECONOMY's IT systems had fallen victim to a cyberattack. This resulted in temporary restrictions on the functionality of various services in stores as well as in the online business. Nevertheless, customers were still able to access both stores and the online channel during this time. The relevant IT systems were restored within a few days, so the operating business returned to normal. As a result of the cyberattack, the Group suffered lost sales and earnings, which are partially covered by cyber incident insurance. At present, there are no indications that customer or employee data were stolen in the cyberattack. CECONOMY has also seen no further attacks to date.

On 24 December, CECONOMY's share in the Greek joint venture PMG Retail Market Ltd. was substantially diluted after a capital increase carried out unilaterally by the main shareholder Olympia Group Ltd. In total, the shareholding decreased from 25 per cent to 2 per cent, which significantly reduces the risk of future cash outflows. Regardless of this, PMG Retail Market Ltd. can still use the MediaMarkt brand until summer 2023.

At the CECONOMY AG Annual General Meeting on 9 February 2022, the shareholders approved the proposal to distribute a dividend for ordinary and preference shares with 99.99 per cent of the votes cast. The shareholders approved a subsequently payable dividend for the 2,677,966 dividend-bearing preference shares for the past three financial years 2017/18 to 2019/20 of €0.17 € per preference share and for financial year 2020/21 the payment of a dividend of €0.23 per preference share. The dividend for the 356,743,118 dividend-bearing ordinary shares equalled €0.17 per ordinary share. In the Supervisory Board elections, Karin Adt, Dr Florian Funck and Dr Fredy Raas were confirmed as Supervisory Board members. In addition, Doreen Huber and Jürgen Kellerhals were newly elected to the Supervisory Board.

On 24 February 2022, Russia began a war of aggression against Ukraine. CECONOMY has no presence in Ukraine and as of 2018 also no longer operates in Russia. However, CECONOMY continues to hold 15 per cent of the shares in PJSC M.video, the leading consumer electronics retailer in Russia. CECONOMY exercises no operational control. The shareholding is purely a financial minority stake, which is accounted for accordingly as a financial investment. Due to the recent developments, at the end of the second quarter of 2022 it was no longer possible to assume that the price data available from the Moscow stock exchange could provide a basis for a reliable estimate of the current market value of PJSC M.video. Therefore, an expert was commissioned to provide an indication of the market value. As a result, the carrying amount of the investment, which was recognized at €138 million as of 31 December 2021, was adjusted through other comprehensive income by €96 million to around €43 million as of 31 March 2022. It remains impossible to derive a market value from the stock market price after the reporting date.

On 17 March 2022, the international rating agency Moody's awarded CECONOMY AG an unchanged non-investment grade rating (Moody's: Ba1, outlook "stable").

As a result of the development of the COVID-19 pandemic, the first half of 2021/22 was again characterized by the adverse impact in the brick-and-mortar business. Details of the main restrictions are explained below:

- **Germany**: During November 2021, the "2G rule" (admission only for people who can show proof of vaccination or recovery) was increasingly introduced in many German federal states in light of the continuous rise in infection rates. Further restrictions, such as limits on the number of customers in the store, were also imposed in other federal states. The 2G rule applied nationwide in Germany from 8 December 2021, but was lifted during the second quarter of 2021/22.
- **Austria**: Stores in Austria were closed completely from 22 November 2021 to 12 December 2021. For eight out of 52 stores, the full closure was extended until 18 December 2021. The obligation to comply with the 2G rule applied for 13 weeks from 12 December 2021 and was replaced by mandatory vaccination from 12 February 2022. Mandatory vaccination in Austria was suspended on 16 March 2022. The relevant access restrictions were thus lifted.
- **Netherlands**: From 13 November 2021, stores in the Netherlands had to close at 6:00 p.m. In addition, admission was granted only to people who could show proof of recovery, vaccination, or a negative test

(“3G rule”). The reduced opening hours were tightened from 28 November 2021, and stores had to close at 5:00 p.m. In-store shopping was impacted by strict restrictions with regard to selling space and the number of customers. From 19 December 2021 to 14 January 2022, all stores in the Netherlands were completely closed. The pick-up option was possible for all customers throughout the Netherlands. The restricted opening hours applied again from mid-January 2022 to 24 February 2022, and stores had to close at 5:00 p.m. In the same period, there were also restrictions on customer capacity in stores.

Events after the reporting date

At the extraordinary General Meeting on 12 April 2022, 98.29 per cent of the shareholders of CECONOMY AG voted in favour of the den capital measures in connection with the acquisition of Convergenta Invest GmbH's minority stake in MediaMarktSaturn by CECONOMY AG. In a separate meeting following the extraordinary General Meeting on the same day, 98.79 per cent of the preference shareholders of CECONOMY AG also voted to convert the preference shares into ordinary shares.

On 19 April 2022, CECONOMY AG extended tranche A (€353 million) of the syndicated credit facility with an initial term of three years by one year to 6 May 2025 in accordance with a contractually agreed extension option. All syndicate banks consented to the extension.

Macroeconomic conditions[1]

The economic recovery is continuing in the first half of 2021/22 thanks to expansionary fiscal policy, the European recovery fund and ongoing vaccination, but is being impeded by the Omicron variant. With reference to the US protectionism of the former President Trump, most of the major trading partners are in dialogue with the USA, and positive signals are to be expected. However, the trade deals with the EU, China and numerous other countries have not yet been finalized. This recovery is supported by the lifting of most COVID-19 restrictions, a generally positive labour market situation and high surplus savings.

The Russian war of aggression against Ukraine is resulting in great uncertainty on the markets with rising raw material prices, followed by a significant increase in inflation. Several central banks have therefore already been compelled to raise interest rates. The drop in spending power as a result of high inflation is markedly weakening the above-mentioned recovery. In China, the low effectiveness of the country's own vaccines and the strict zero-COVID strategy can lead to large-scale lockdowns. This can have a negative impact on economic development including supply shortages and disruptions in world trade.

Depending on the further development of the conflict between Russia and the West and the associate sanctions, various scenarios are possible from a significant downturn in economic growth to a recession in the eurozone.

The DACH region had to battle with the challenges of the national and international COVID-19 restrictions in 2021, but achieved economic growth of 2.9 per cent against the previous year. This development was supported in particular by the rebound in imports and exports as well as government spending. In contrast, private consumption saw real growth of only 0.1 per cent. Despite the uncertain conditions, increasing private consumption, curbed by high inflation, and growing exports are expected in the 2022 calendar year. In this scenario, this will lead to growth in total economic output of 1.8 per cent in Germany. An end to Russian raw material deliveries would directly trigger a recession in Europe. Growth in Austria is likewise expected to be weaker in this environment, while growth of 4.2 per cent is still expected in Hungary. Retail in the DACH region remains in a challenging environment with regard to uncertain conditions for private consumption.

In Western and Southern Europe, the signs for Spain and Italy, the countries in which we generate the highest sales, pointed to economic recovery in 2021. In 2022, the generally continuing positive recovery expectations are marred by the above global economic influences and the associated inflation. Against this backdrop, CECONOMY expects positive GDP growth for 2022 of 3.3 per cent in Italy and 4.8 per cent in Spain. GDP growth of 2.5 per cent is expected in Belgium and a moderate increase of 3.3 per cent in the Netherlands in 2022, significantly lower than the figures for 2021.

In Eastern Europe, after positive growth rates in 2021, CECONOMY continues to forecast positive GDP development for 2022, but significantly below the previous year's figures in Turkey. In Poland, after growth of 5.7 per cent in 2021, the economy is expected to grow by 4.2 per cent. Turkey continues to face economically uncertain times (hyperinflationary tendencies, high unemployment). After strong economic growth of 10.9 per cent in 2021, much lower GDP growth is forecast in 2022.

Development in the consumer electronics retail market

Since most COVID restrictions have been lifted in nearly every country, consumers are also spending more in areas outside of electronics again. In the first half of financial year 2021/22, therefore, sales in the consumer electronics retail market no longer saw the extraordinarily high growth rates of the previous year, but developed largely stably. Due to the partial renunciation of home-working/schooling rules, saturation effects and the increasing return to leisure activities outside the home, consumers' focus shifted away from small appliances, IT and brown goods, which were in high demand in the previous year, towards large appliances and telecommunications. In general, the market is seeing a decline in online sales in favour of in-store shopping. However, the proportion of online-induced purchases in the first half of financial year 2021/22 is significantly higher than pre-COVID-19 figures.

DACH

In the first half of 2021/22, sales in the German consumer electronics retail market developed relatively stably at a high level. The previous years' growth drivers such as brown goods, IT and small appliances were supplanted primarily due to catch-up effects in large appliances and telecommunications. After the COVID-19 restrictions in the previous year, the brick-and-mortar business has posted significant sales growth again in the current financial year, while spending in the online business has declined. The Austrian market saw sales declines compared with the extremely

[1] The GDP growth figures stated in this section relate to the calendar years 2021 and 2022. Accordingly, the 2022 values are forecasts. In contrast, the qualitative statements in the text refer to the reporting period, unless otherwise stated. The sources for the information in this text were recent publications by Feri (Country Dossier – Economic Forecast; Feri Forecast Update – April 2022: Situation and Prospects of the Global Economy) and the market research institute GfK.

high growth rates in the previous year. The Swiss consumer electronics retail market also declined slightly as against the significantly positive development in 2021. In Hungary, retail sales increased on the previous year, which was only briefly affected by COVID-19 restrictions.

WESTERN/SOUTHERN EUROPE

In the first half of financial year 2021/22, sales in the Spanish consumer electronics retail market were slightly lower than in the previous year, which was still affected by COVID-19 restrictions. Like Spain, Portugal also recorded a slight decline in sales. Sales in the Italian market developed stably in the first half of financial year 2021/22, both in the online and the brick-and-mortar business. Stable development was seen in the Dutch consumer electronics retail market for the first half of financial year 2021/22. Online business in particular posted a palpable sales decline in the current financial year following extraordinarily high growth rates in the previous year, triggered by a lengthy phase of store closures in response to COVID-19. The Belgian market's growth declined considerably in the current financial year 2021/22. This development was the result of relatively stable brick-and-mortar business but significantly negative digital business.

EASTERN EUROPE

In the first half of financial year 2021/22, the Polish consumer electronics retail market saw an increase in growth based on positive developments in both the brick-and-mortar and online business. Due to inflation, Turkey is growing very dynamically in national currency, and this growth continued to strengthen in the first two months of the calendar year.

Results in detail

Earnings position

Quarter	Sales (€ million)		Change	Currency effects	Sales adjusted for currency effects and portfolio changes	Like-for-like sales (local currency)
	Q2 2020/21	Q2 2021/22	Q2 2021/22	Q2 2021/22	Q2 2021/22	Q2 2021/22
Total	**4,322**	**5,019**	**16.1%**	**−2.6%**	**18.8%**	**18.0%**
DACH	2,290	2,815	22.9%	0.3%	22.6%	23.2%
Western/Southern Europe	1,501	1,679	11.9%	0.0%	11.9%	9.1%
Eastern Europe	403	416	3.5%	−32.0%	35.4%	33.8%
Others	128	108	−15.6%	−4.0%	−11.5%	−11.6%

Half-year	Sales (€ million)		Change	Currency effects	Sales adjusted for currency effects and portfolio changes	Like-for-like sales (local currency)
	H1 2020/21	H1 2021/22	H1 2021/22	H1 2021/22	H1 2021/22	H1 2021/22
Total	**11,786**	**11,873**	**0.7%**	**−1.4%**	**2.1%**	**2.3%**
DACH	6,714	6,733	0.3%	0.2%	0.1%	1.7%
Western/Southern Europe	3,796	3,896	2.6%	0.0%	2.6%	0.5%
Eastern Europe	971	969	−0.2%	−20.9%	20.6%	19.8%
Others	305	275	−9.8%	−1.0%	−8.9%	−8.8%

GROUP SALES ADJUSTED FOR CURRENCY EFFECTS AND PORTFOLIO CHANGES IN THE SECOND QUARTER ABOVE PREVIOUS YEAR AND BACK TO PRE-PANDEMIC LEVEL OF 2018/19

In the **first half of 2021/22**, CECONOMY generated Group sales of €11.9 billion, an increase of 0.7 per cent compared with the prior-year period. Adjusted for currency effects and portfolio changes, sales were up 2.1 per cent year-on-year. On a like-for-like basis, Group sales recorded an increase of 2.3 per cent.

In the **second quarter of 2021/22**, the business recovery that began at the end of the first quarter of 2021/22 continued in the first two months. Rising cost pressure, driven by the persistently high inflation and effects on consumers' purchasing power, and the start of the Russian war of aggression against Ukraine put a damper on consumer confidence at the end of the second quarter. Group sales increased by 16.1 per cent, totalling €5.0 billion. Adjusted for currency effects and portfolio changes, sales grew by 18.8 per cent. On a like-for-like basis, Group sales recorded an increase of 18.0 per cent compared to the prior-year period. The sales development was driven in particular by sales in the brick-and-mortar business. In the prior-year period, business was impacted by temporary store closures, primarily in the DACH segment. Stores in Germany were subject to regional closures throughout the prior-year quarter starting on 16 December 2020, as were stores in the Netherlands in the first months of 2021. Austria and Switzerland were also impacted by temporary closures in the prior-year quarter. Catch-up effects following the gradual lifting of temporary lockdowns in Austria and Poland in the previous year had the opposite effect. The online business sales did not reach the high level of the previous year, which was supported by the temporary store closures in response to the pandemic. Nevertheless, the online sales share remained at a high level of 25.3 per cent.

EXPLANATION OF SALES IN THE DACH SEGMENT

In the **first half of 2021/22**, the DACH segment generated sales of €6.7 billion, which corresponds to an increase of 0.3 per cent. Adjusted for currency effects and portfolio changes, sales were 0.1 per cent above the comparable figure of the previous year.

In the **second quarter of 2021/22**, sales in the DACH segment increased by 22.9 per cent, totalling €2.8 billion. Adjusted for currency effects and portfolio changes, sales increased by 22.6 per cent compared to the same quarter of the previous year. In Germany, the brick-and-mortar business in particular benefited from the softer COVID-19 restrictions (regional 2G rule vs. temporary closures in the previous year) and successful marketing campaigns compared with the prior-year quarter. Despite the temporary dip in consumer confidence following the Russian war of aggression against Ukraine, sales development in Germany was clearly positive as a result of the above factors. In addition, business in Hungary developed positively again after hard lockdown measures in the same quarter of the previous year and as a result of government measures to support the Hungarian economy. In Austria, however, the prior-year period was influenced by catch-up effects as a result of the lifting of the lockdown, so the higher basis for comparison had a negative effect on the segment's business performance in the second quarter of 2021/22. Business was also impacted by the 2G rule and the subsequent, temporary introduction of mandatory vaccination, which applied in Austria from 12 February 2022 to 16 March 2022.

EXPLANATION OF SALES IN THE WESTERN/SOUTHERN EUROPE SEGMENT

In the **first half of 2021/22**, the Western/Southern Europe segment generated sales of €3.9 billion, an increase of 2.6 per cent. There were no currency or portfolio change effects.

In the **second quarter of 2021/22**, sales in the Western/Southern Europe segment increased by 11.9 per cent compared with the prior-year period to €1.7 billion. Adjusted for currency effects and portfolio changes, sales likewise increased by 11.9 per cent. In the Netherlands, both the previous year's low base as a result of the lockdown measures and the gradual lifting of temporary store closures and reduced opening hours ordered by the government resulted in double-digit sales growth in the current financial year. In Spain and Italy, sales developed very positively, supported in particular by marketing activities, despite the muted consumer sentiment.

EXPLANATION OF SALES IN THE EASTERN EUROPE SEGMENT

In the **first half of 2021/22**, sales in the Eastern Europe segment declined by 0.2 per cent to €1.0 billion. Half-year sales were adversely affected by the sharp depreciation of the Turkish lira. Adjusted for currency effects and portfolio changes, however, sales were significantly above the comparable figure of the previous year at 20.6 per cent.

In the **second quarter of 2021/22**, sales in the Eastern Europe segment increased by 3.5 per cent to around €0.4 billion. The strong depreciation of the Turkish lira also continued to negatively impact segment sales. Adjusted for currency effects and portfolio changes, sales in the segment increased by 35.4 per cent on the same quarter of the previous year. In local currency, the business in Turkey saw a sustained acceleration in sales momentum and achieved a high double-digit growth rate, which is primarily attributable to strong customer demand. Poland was impacted by temporary store closures in the prior-year quarter. In the second quarter of 2021/22, sales in Poland were influenced by the muted consumer sentiment as a result of the Russian war of aggression against Ukraine.

EXPLANATION OF SALES IN THE OTHERS SEGMENT

In the **first half of 2021/22**, sales in the Others segment decreased by 9.8 per cent compared with the prior-year period to €0.3 billion. Adjusted for currency effects and portfolio changes, sales were down 8.9 per cent year-on-year.

In the **second quarter of 2021/22**, sales in the Others segment declined by 15.6 per cent to €0.1 billion. Adjusted for currency effects and portfolio changes, sales decreased by 11.5 per cent compared to the same quarter of the previous year. Also as a result of increasing inflation, sales in Sweden were impacted by weak consumer confidence, which led to a decline in both brick-and-mortar and online sales.

Online and Services & Solutions sales in the Group

Quarter	Sales (€ million)		Change (%)	In % of total sales
	Q2 2020/21	Q2 2021/22		
Online	2,119	1,267	−40.2	25.3
Services & Solutions	199	307	54.5	6.1

Half-year	Sales (€ million)		Change (%)	In % of total sales
	H1 2020/21	H1 2021/22		
Online	4,378	3,155	−27.9	26.6
Services & Solutions	542	651	20.1	5.5

CONTINUING HIGH ONLINE SHARE OF TOTAL SALES

In the **first half of 2021/22**, online sales decreased by 27.9 per cent to €3.2 billion. The online share of total sales amounted to 26.6 per cent (H1 2020/21: 37.1 per cent and H1 2019/20: 16.7 per cent). In the reporting period, the pick-up rate was 36 per cent and thus at the previous year's level (H1 2020/21: 35 per cent).

In the **second quarter of 2021/22**, online business posted a decline of 40.2 per cent. In the prior-year period, the online business benefited from restrictions in the brick-and-mortar business as a result of the hard lockdown. As a result, sales reached a figure of €1.3 billion. The online share of total sales amounted to around 25.3 per cent (Q2 2020/21: 49.0 per cent). The pick-up rate was around 36 per cent (Q2 2020/21: 38 per cent).

STRONG GROWTH IN SERVICES & SOLUTIONS BUSINESS

In the **first half of 2021/22**, Services & Solutions sales increased by 20.1 per cent to €651 million. This equates to a Services & Solutions share of total sales of 5.5 per cent (H1 2020/21: 4.6 per cent).

In the **second quarter of 2021/22**, the Services & Solutions business increased by 54.5 per cent to around €307 million. The share of the Services & Solutions business accounted for 6.1 per cent of total sales (Q2 2020/21: 4.6 per cent). The business also improved in all categories – especially the sale of extended warranties and mobile phone contracts – against the backdrop of the COVID restrictions in the previous year. The positive development was primarily driven by the brick-and-mortar business.

Earnings development in the Group

Quarter	Reported EBIT	Reported EBIT	Change compared to prior year	Adjusted EBIT[1]	Adjusted EBIT[1]	Change compared to prior year
€ million	Q2 2020/21	Q2 2021/22	Q2 2021/22	Q2 2020/21	Q2 2021/22	Q2 2021/22
Total[2]	**−2**	**−35**	**−33**	**−146**	**−62**	**84**
DACH	−120	−50	69	−97	−43	54
Western/Southern Europe	−46	−16	30	−38	−17	21
Eastern Europe	0	7	7	0	6	6
Others	165	24	−141	−11	−9	2

[1] Before non-recurring effects, associates and portfolio changes
[2] Including consolidation

Half-year	Reported EBIT	Reported EBIT	Change compared to prior year	Adjusted EBIT[1]	Adjusted EBIT[1]	Change compared to prior year
€ million	H1 2020/21	H1 2021/22	H1 2021/22	H1 2020/21	H1 2021/22	H1 2021/22
Total[2]	**338**	**241**	**−97**	**199**	**212**	**12**
DACH	140	130	−10	162	137	−25
Western/Southern Europe	27	60	32	37	56	19
Eastern Europe	16	30	14	16	29	13
Others	155	20	−135	−14	−11	3

[1] Before non-recurring effects, associates and portfolio changes
[2] Including consolidation

ADJUSTED GROUP EBIT IN THE FIRST HALF YEAR SLIGHTLY ABOVE PREVIOUS YEAR

In the **first half of 2021/22**, reported Group EBIT decreased by €97 million to €241 million (H1 2020/21: €338 million). This includes non-recurring effects amounting to €−4 million in connection with the introduction of a harmonized organizational structure (“Operating Model”), permanent store closures as a result of COVID-19 and in connection with the acquisition of the minority shareholding in MediaMarktSaturn and reorganization and simplification of the corporate structure announced on 14 December 2020. In the previous year, reported Group EBIT included non-recurring effects amounting to €−40 million. Earnings effects from companies accounted for using the equity method totalled €33 million in the reporting period (H1 2020/21: €178 million). The higher amount in the prior-year period is mainly attributable to the reversal of impairment of the share in Fnac Darty S.A. of approximately €150 million. Adjusted for non-recurring effects, earnings effects from companies accounted for using the equity method, and portfolio changes, Group EBIT increased by €12 million to €212 million (H1 2020/21: €199 million).

In the **second quarter of 2021/22**, reported Group EBIT decreased by €33 million to €−35 million (Q2 2020/21: €−2 million). This includes non-recurring effects amounting to approximately €−7 million in connection with the introduction of a harmonized organizational structure (“Operating Model”), permanent store closures as a result of COVID-19 and in connection with the acquisition of the minority shareholding in MediaMarktSaturn and reorganization and simplification of the corporate structure announced on 14 December 2020. In the previous year, reported Group EBIT included non-recurring effects amounting to approximately €−34 million. Earnings effects from companies accounted for using the equity method of €34 million (Q2 2020/21: €179 million) were also included. Adjusted for non-recurring effects, earnings effects from companies accounted for using the equity method, and portfolio changes, Group EBIT increased by €84 million to €–62 million (Q2 2020/21: €–146 million).

All segments were above the previous year's level. The earnings increase was driven in particular by the DACH segment. At country level, the greatest earnings improvements were seen in Germany and the Netherlands. The increase in adjusted Group EBIT in the **second quarter of 2021/22** reflects the good sales development and the improvement in the gross margin. This was mainly driven by the significant recovery in the brick-and-mortar business and the associated higher income from the Services & Solutions business, also due to the previous year's weak comparison basis as a result of the severe COVID-19 restrictions. In contrast, it was partially compensated for by the normalization of the cost basis after high COVID-19-related government support such as the short-time working allowance in the previous year.

EXPLANATION OF THE RESULT IN THE DACH SEGMENT

In the **first half of 2021/22**, EBIT in the DACH segment was €130 million and therefore declined by €10 million year-on-year (H1 2020/21: €140 million). This includes non-recurring effects of €–7 million (H1 2020/21: €–22 million). Adjusted for these effects, EBIT in the DACH segment decreased by €25 million to €137 million (H1 2020/21: €162 million).

In the **second quarter of 2021/22**, EBIT in the DACH segment increased by €69 million to €–50 million (Q2 2020/21: €–120 million). This includes non-recurring effects of approximately €–7 million (Q2 2020/21: €–23 million). Adjusted for these effects, EBIT in the DACH segment increased by €54 million to €–43 million (Q2 2020/21: €–97 million). This was primarily the result of significantly positive sales development in Germany due to softer COVID-19 restrictions compared with the prior-year period. The brick-and-mortar business benefited in particular because – unlike in the previous year – there were no temporary store closures, which in turn had a positive effect on the Services & Solutions business. Earnings development in the other countries of the DACH segment was mixed.

EXPLANATION OF THE RESULT IN THE WESTERN/SOUTHERN EUROPE SEGMENT

In the **first half of 2021/22**, the Western/Southern Europe segment generated EBIT of €60 million, €32 million above the previous year's level (H1 2020/21: €27 million). This includes non-recurring effects amounting to €4 million (H1 2020/21: €–9 million). Adjusted for these earnings effects and portfolio changes, EBIT increased by €19 million to €56 million (H1 2020/21: €37 million).

In the **second quarter of 2021/22**, EBIT in the Western/Southern Europe segment improved by €30 million to €–16 million (Q2 2020/21: €–46 million). This includes non-recurring effects amounting to approximately €1 million (Q2 2020/21: €–9 million). Adjusted for these earnings effects and portfolio changes, EBIT amounted to €–17 million and was thus €21 million above the previous year's level (Q2 2020/21: €–38 million). The Netherlands, Spain and Italy recorded an earnings increase. In the Netherlands, the improvement in earnings was driven by both the strong sales development and a gross margin improvement, due in particular to the recovery of income from the Services & Solutions business compared to the prior-year quarter, which was influenced by COVID-19. Earnings in Spain and Italy also improved as a result of sales and margins. Earnings in Belgium saw a sales- and margin-driven decline, while they were largely at the previous year's level in the other countries of the segment.

EXPLANATION OF THE RESULT IN THE EASTERN EUROPE SEGMENT

In the **first half of 2021/22**, EBIT in the Eastern Europe segment at €30 million was €14 million above the previous year's level (H1 2020/21: €16 million). This includes non-recurring effects amounting to approximately €1 million. No notable non-recurring effects were incurred in the previous year. Accordingly, adjusted EBIT in the Eastern Europe segment increased by €13 million to €29 million (H1 2020/21: €16 million).

In the **second quarter of 2021/22**, EBIT in the Eastern Europe segment increased by €7 million to €7 million (Q2 2020/21: €0 million). This includes non-recurring effects at a very low level of approximately €1 million (Q2 2020/21: €0 million). Adjusted for these effects, EBIT in the Eastern Europe segment increased by €6 million to €6 million (Q2 2020/21: €0 million). This increase is the result of improvements in Poland; earnings in Turkey are at the previous year's level. The earnings increase in Poland is particularly attributable to a reversal of a provision. Operating earnings in Poland are slightly lower than in the previous year.

EXPLANATION OF THE RESULT IN THE OTHERS SEGMENT

The Others segment covers, in particular, the activities of CECONOMY AG, the earnings effects from companies accounted for using the equity method, the operating business in Sweden and the activities of smaller companies. In the **first half of 2021/22**, EBIT decreased by €135 million year-on-year to €20 million (H1 2020/21: €155 million). This includes earnings effects from companies accounted for using the equity method of €33 million

(H1 2020/21: €178 million). Expenses in connection with the transaction announced on 14 December 2020 relating to the acquisition of the minority shareholding in MediaMarktSaturn and reorganization and simplification of the corporate structure amounted to €2 million in the reporting period (H1 2020/21: €8 million). Adjusted for non-recurring effects and earnings effects from companies accounted for using the equity method, EBIT rose by €3 million to €–11 million as a result of cost savings at CECONOMY AG (H1 2020/21: €–14 million). Earnings in Sweden, at €–5 million, were €–1 million lower than in the previous year (H1 2020/21: €–4 million). Other, smaller operating companies in the Others segment generated an EBIT of €0 million (H1 2020/21: €2 million).

In the **second quarter of 2021/22**, EBIT in the Others segment decreased by €141 million year-on-year to €24 million (Q2 2020/21: €165 million). This includes earnings effects from companies accounted for using the equity method of €34 million (Q2 2020/21: €179 million). Expenses in connection with the transaction announced on 14 December 2020 relating to the acquisition of the minority shareholding in MediaMarktSaturn and reorganization and simplification of the corporate structure amounting to around €–1 million (Q2 2020/21: €–2 million) are also included. Adjusted for non-recurring effects and earnings effects from companies accounted for using the equity method, EBIT was slightly above the previous year's level at €–9 million (Q2 2020/21: €–11 million). Earnings in Sweden, at €–4 million, were at the previous year's level (Q2 2020/21: €–5 million). Other, smaller operating companies in the Others segment generated an EBIT of €0 million (Q2 2020/21: €1 million).

EBIT adjustments in the Group

Q2 2020/21

€ million	Reported EBIT	Non-recurring				
		Effects of store closures	Effects of the introduction of the Operating Model	Transaction costs from minority stake acquisition	Earnings effects from companies accounted for using the equity method and portfolio changes	Adjusted EBIT
Total[1]	**–2**	**–25**	**–8**	**–2**	**179**	**–146**
DACH	–120	–20	–3	0	0	–97
Western/Southern Europe	–46	–4	–4	0	0	–38
Eastern Europe	0	0	0	0	0	0
Others	165	0	–1	–2	179	–11

[1] Including consolidation

Q2 2021/22

€ million	Reported EBIT	Non-recurring				
		Effects of store closures	Effects of the introduction of the Operating Model	Transaction costs from minority stake acquisition	Earnings effects from companies accounted for using the equity method and portfolio changes	Adjusted EBIT
Total[1]	**–35**	**–2**	**–4**	**–1**	**34**	**–62**
DACH	–50	–4	–3	–1	0	–43
Western/Southern Europe	–16	1	–1	0	0	–17
Eastern Europe	7	0	1	0	0	6
Others	24	0	0	–1	34	–9

[1] Including consolidation

€ million	Reported EBIT	Effects of store closures	Effects of the introduction of the Operating Model	Transaction costs from minority stake acquisition	Earnings effects from companies accounted for using the equity method and portfolio changes	Adjusted EBIT
	H1 2020/21					
		Non-recurring				
Total[1]	**338**	**−25**	**−8**	**−8**	**178**	**199**
DACH	140	−20	−2	0	0	162
Western/Southern Europe	27	−4	−5	0	0	37
Eastern Europe	16	0	0	0	0	16
Others	155	0	−1	−8	178	−14

[1] Including consolidation

€ million	Reported EBIT	Effects of store closures	Effects of the introduction of the Operating Model	Transaction costs from minority stake acquisition	Earnings effects from companies accounted for using the equity method and portfolio changes	Adjusted EBIT
	H1 2021/22					
		Non-recurring				
Total[1]	**241**	**−2**	**0**	**−3**	**33**	**212**
DACH	130	−3	−3	−1	0	137
Western/Southern Europe	60	1	2	0	0	56
Eastern Europe	30	0	1	0	0	29
Others	20	0	0	−2	33	−11

[1] Including consolidation

Financial and asset position

CASH FLOW

€ million	H1 2020/21	H1 2021/22	Change
Cash flow from operating activities	−346	−246	100
Cash flow from investing activities	12	−19	−31
Cash flow from financing activities	−244	−568	−325
Change in net working capital[1]	−852	−407	445
Free cash flow	−425	−342	83

[1] Change in net working capital shown from the related statement of financial position items, mainly adjusted for non-cash items

In the first half of financial year 2021/22, **cash flow from operating activities** of continuing operations resulted in a cash outflow of €246 million after €346 million in the previous year. At €570 million, EBITDA was around the previous year's level (H1 2020/21: €575 million). The cash outflows result mainly from the change in net working capital and from other operating cash flow. In the first half of 2021/22, the change in net working capital is characterized by the increase in inventories, which was not compensated for by the lower increase in trade liabilities and similar liabilities. Other operating cash flow mainly comprises other tax payments and the change in payroll liabilities. The other tax payments are largely attributable to the expired, COVID-19-related VAT deferrals. The payment of the deferred VAT therefore results in a correspondingly high cash outflow in the first half of 2021/22. In the first half of 2021/22, the cash outflows for payroll liabilities included comparatively high payments for profit shares and performance bonuses as well as severance and other employee obligations recognized as liabilities in the previous year. In addition, income tax payments resulted in a cash outflow above the previous year's level. This change relates to backpayments of taxes for previous years as well as higher tax prepayments.

In the first half of financial year 2021/22, **cash flow from investing activities** resulted in a cash outflow of €19 million. This compares with a cash inflow of €12 million in the prior-year period. The cash outflow is mainly due to investments in store modernizations and modularization. This was partially compensated for by net investment in financial investments and securities.

In the first half of financial year 2021/22, **cash flow from financing activities** resulted in a cash outflow of €568 million after €244 million in the same period of the previous year. The higher cash outflow was partially driven by profit transfers to minority shareholders that affected cash in the first half of 2021/22 as well as the distribution of the dividend to shareholders of CECONOMY AG. The cash outflow mainly comprises the redemption of lease liabilities and the repayment of a promissory note loan in the second quarter of 2021/22.

In the first half of financial year 2021/22, **free cash flow** amounted to €–342 million and was thus €83 million above the previous year's figure of €–425 million.

NET WORKING CAPITAL ON 31 MARCH 2022 SLIGHTLY ABOVE THE PREVIOUS YEAR

As of 31 March 2022, **net working capital** amounted to €411million, and was therefore €29 million above the previous year's figure (31/03/2021: €382 million). The significant increase in trade liabilities and similar liabilities more than compensated for the likewise increased inventories and receivables. Trade liabilities and similar liabilities increased year-on-year as a result of the higher purchase volume, mainly driven by increased sales in the second quarter. The year-on-year rise in inventories is mainly due to the lower-than-expected sales towards the end of the quarter, among others as a result of muted consumer sentiment due to the Russian war of aggression against Ukraine. In line with the trade liabilities and similar liabilities, receivables due from suppliers as of 31 March 2022 were also above the previous year's level. Trade receivables and similar claims increased due to the somewhat stronger commission business.

NET DEBT ON 31 MARCH 2022 ABOVE THE PREVIOUS YEAR

As of 31 March 2022, **net debt** amounted to €1,824 million (31/03/2021: €1,462 million). The €362 million increase in net debt is due to both lower cash on hand and higher borrowings. The latter increased partly as a result of the issue of the bond in June 2021. Adjusted for lease liabilities, net liquidity as of 31 March 2022 amounted to €199 million (31/03/2021: €561 million).

INVESTMENTS HIGHER THAN PREVIOUS YEAR DUE TO RENTAL AGREEMENT EXTENSIONS

Investments totalled €322 million in the first half of 2021/22, €40 million above the previous year's level (H1 2020/21: €282 million). The increase is mainly attributable to the addition of rental right-of-use assets of €242 million, which was €35 million higher than in the prior-year period (H1 2020/21: €207 million). This development was mainly driven by the extension of existing rental agreements for stores in the Netherlands, Italy, Poland and Austria in particular. In contrast, there was a lower addition of rental right-of-use assets in Germany – particularly due to rental agreements for logistics centres and stores in the previous year – and in Spain – due to the acquisition of 17 Spanish stores from Worten Equipamentos do Lar S.A. in the previous year. Besides the increase in additions to rental right-of-use assets, the advancement of store modernizations and modularization was reflected in the increased investments in modernization in the first half of the year. In the second quarter of 2021/22, investments totalled €177 million, €22 million below the previous year's level (Q2 2020/21: €199 million). The decline was mainly due to the declining investments in Germany and Spain described above, which were only partially compensated for by the increased investment activity in the Netherlands and Italy in particular.

In the first half of 2021/22, the store network was expanded by two stores in Turkey and one store in Spain. In contrast, four stores in Germany and one store each in Belgium and Turkey closed in the reporting period. The store network was not expanded in the second quarter of 2021/22. However, two stores in Germany and one store each in Belgium and Turkey were closed in the second quarter of 2021/22. At the end of the second quarter of 2021/22, the total number of stores was therefore 1,015. The average selling space per store declined by –0.4 per cent from 2,532 square meters as of 31 December 2021 to 2,521 square meters as of 31 March 2022.

FINANCING

CECONOMY AG uses issues on the capital market for medium-and long-term financing. In the second quarter, promissory notes together totalling €189 million were repaid on schedule, so that as of 31 March 2022, CECONOMY AG still had three outstanding promissory notes together totalling around €61 million with a remaining term of up to five years. A senior unsecured bond of €500 million with a term until 24 June 2026 was also outstanding at the end of the half-year reporting period.

For obtaining short-term financial funding, CECONOMY AG has a euro-denominated commercial paper programme with a maximum volume of €500 million. As of 31 March 2022, commercial paper of €26 million was outstanding (31/03/2021: €65 million).

In addition, syndicated credit facilities linked to sustainability targets are available to CECONOMY AG in an amount of €1,060 million. These, like the syndicated credit facilities available in the previous year, had not been utilized as of 31 March 2022.

CECONOMY AG is assessed by international rating agencies Moody's and Scope. As of 31 March 2022, CECONOMY had an investment grade rating (BBB–, outlook "stable") from Scope and a non-investment grade rating from Moody's (Ba1, outlook "stable"). Moody's most recently confirmed the rating on 17 March 2022. The company has received a "BBB–" rating from Scope and a "Ba1" rating from Moody's for the bond.

Opportunities and risks

The material opportunities and risks for CECONOMY as well as detailed information on the company's risk and opportunity management system are presented on pages 63 to 71 of CECONOMY AG's Annual Report 2020/21. Since the date of preparation of the consolidated financial statements on 8 December 2021, the following changes have occurred with regard to the material opportunities and risks and the expected development of the Group.

CHANGES IN THE RISK SITUATION

Significant changes in CECONOMY's risk situation as of 31 March 2022 result primarily from consumer price inflation, which was accelerated by the Russian war of aggression against Ukraine and led to temporary buying restraint. The long-term effects of the COVID-19 pandemic, which resulted in far-reaching restrictions in European public life and business from the start of calendar year 2020, continue to pose a risk and overshadow the current overall risk situation.

The immediate impact of the COVID-19 pandemic and the Russian war of aggression against invasion of Ukraine for CECONOMY is described in the section "events in the first half of the year". The risk assessments with regard to increased consumer price inflation, the Russian war of aggression against Ukraine, the future development of the COVID-19 pandemic and the global macroeconomic environment or an associated severe dip in consumer confidence are included in the existing **"deterioration of consumer confidence – economic crisis – COVID-19 pandemic"** risk and explained below. This is followed by an outline of changes in risks that are not directly related to consumer price inflation or the pandemic.

The consequences of the increased consumer price inflation and the effects of the COVID-19 pandemic result in a material risk for CECONOMY. The lifting of most restrictions in public and private life during the course of the second quarter of 2021/22 has already led to initial recovery processes. However, government-ordered measures cannot be ruled out as the pandemic continues. Similarly, the duration of the pandemic and the further consequences are not yet entirely foreseeable. Footfall in stores is still well below the pre-pandemic level. More focused purchasing behaviour on the part of customers, which is reflected among other things in a higher average sales receipt, is having the opposite effect. This has partially compensated for the in-store sales decline since the beginning of the pandemic despite declining footfall. We expect this trend in customer behaviour to continue. Increasing consumer price inflation, which was accelerated by the Russian war of aggression against Ukraine and could lead to temporary buying restraint, is an additional risk. In the medium and long terms, the geopolitical situation in Eastern Europe could therefore lead to muted consumer confidence, further price increases and upheaval along the entire value chain. Considerably increased prices for raw materials, a loss of purchasing power for private households, and potential de-globalization tendencies could likewise lead to a sustained reduction in private consumption. The duration and the further impact in the form of potential economic stagflation or in a stronger form up to and including a recession are not fully foreseeable or measurable. The consequences of the war are expected to burden the economic situation in Europe in the longer term.

In principle, the changed consumer behaviour during the COVID-19 pandemic and the associated shift in sales shares from brick-and-mortar to online business may become permanently established. CECONOMY monitors potential market changes on an ongoing basis and derives strategies for its own business from this.

The risk of deteriorating consumer sentiment in connection with the Russian war of aggression against Ukraine and its unforeseeable consequences has intensified in comparison to the time of preparing the consolidated financial statements on 8 December 2021.

Political development in individual countries, the threat of trade conflicts and increasing protectionism also continue to pose challenges to CECONOMY's operating business and could cause further deterioration of the consumer sentiment. This is evident in Turkey, for example, which is still affected by a tense domestic political situation, currency devaluation through politicization of monetary policy, and rising inflation.

In addition, **"Insufficient delivery capacity or loss of strategically relevant business partners"** is a risk that CECONOMY continuously monitors and controls. In order to appropriately acknowledge the risk component of insufficient delivery capacity, the name of the risk has been amended accordingly. This risk could materialize as a result of a potential strategic realignment of suppliers, a change in sales concepts, or technical problems in the product and in particular, the services. To this end, CECONOMY analyses information about business partners on a regular basis in order to promptly take protective measures to ensure the continued supply of goods and services, but also against the financial loss of outstanding receivables. The loss of strategic business partners can reduce earnings through losses in sales, conditions and commissions. To compensate for such an effect, CECONOMY tries to reduce the risk by managing the sales shares of different suppliers, establishing additional suppliers, expanding the own-brand product range, expanding the range of services from different providers, and partially selling receivables (factoring), but also by centralising the flows of goods and thus improving the planning ability of the suppliers. The continually effective implementation of these risk mitigating measures is countered by the risk of potentially insufficient product availability and/or shortage of shipment containers as well as COVID-19-related congestion/closure of Asian port terminals (due among other things to the zero-COVID strategy in China). On the basis of worldwide material and transport shortages and the current difficulty in making purchasing projections due to disrupted supply chains, CECONOMY considers the risk to be more significant than in the previous year's assessment and continues to rate it as high.

Digitalization and the associated connection of IT systems with the outside world pose the risk of **attacks on the IT infrastructure**. Especially in the steadily increasing online retail market, IT system failures could have significant effects on CECONOMY's business performance. Consequences may include substantial sales losses and reputational damage. Permanent, uninterrupted availability is an essential requirement in online retail. Critical network structures and IT systems are therefore continuously reviewed and adjusted in order to prevent interruptions to important business processes. Essential business systems in the stores, especially cash register systems, are largely stand-alone and can continue to be used for some time without interruption even in the event of a failure of networks or central systems. When parts of the IT systems were subjected to a targeted attack in November 2021, the functionality of the critical system landscapes in particular was quickly restored. The various impacts both in stores and in online business processes were therefore predominantly seen over a moderate timeframe. Generally, however, there has been an increased level of hacker attacks. The immediate impact of the cyberattacks for CECONOMY is described in the section "events in the first half of the year". A potential intensification of cyber threats is also anticipated as a result of the Russian war on Ukraine. The risk of attempted fraud through electronic identity theft ("CEO fraud") is also considered. On this basis, CECONOMY considers the risk to be more significant than in the previous year's assessment and continues to rate it as high.

Apart from the topics mentioned above, the following changes to the risk assessment since 8 December 2021 have been observed.

Non-compliance with the high regulatory and documentary **data protection** requirements can be penalized with considerable fines. It also increases the risk of reputational damage, claims for damages, official measures and other sanctions. One of the core issues with regard to data protection in the CECONOMY Group is the processing of customers' and employees' personal data. CECONOMY is aware of its significant responsibility and the significance of this issue. In view of the increasing activity of authorities, the increased complexity of systems and issues, particularly in combination with growing online activities, CECONOMY now considers that the risk has increased slightly.

A possible **impairment on the investment in Fnac Darty S.A.** was included as a new risk. As the stock exchange price of the investment accounted for using the equity method was significantly below amortized cost on the closing date of the half-year report, a value indication was commissioned. This revealed no impairment requirement as of 31 March 2022. The risk of potential future impairment is rated as high.

There are no going concern risks and at present no such risks are discernible in future either.

CHANGES IN THE OPPORTUNITY SITUATION

Since the preparation of the consolidated financial statements on 8 December 2021, there has been the following change to the opportunities portfolio of CECONOMY.

The planned implementation of the opportunity of reducing the tax rate as a result of the corporate reorganization of the Group was postponed to the current financial year. On the basis of the agreement with Convergenta Invest GmbH on the acquisition of the minority shareholding in MediaMarktSaturn and reorganization and simplification of the shareholder structure, the transaction will make CECONOMY's tax-loss carry-forwards structurally usable for the first time. The accounting effects and the associated positive effect on the tax rate will be presented for the first time after the closing of the transaction.

Further opportunities continue to arise, for example, from the consistent implementation of the business model transformation. This particularly relates to focus issues such as category management, supply chain, online and Services & Solutions, and the international expansion of successful marketplace activities. The exploration of new and innovative business areas and services is actively promoted by observing the changes in customer needs, identifying new trends and developing innovative ideas. For the implementation of a digitally driven omnichannel sales model, the establishment and expansion of the necessary processes and structures is ongoing.

Sustainability is an essential element of our strategic thinking and, given current societal and regulatory developments (e.g. the implementation of the German Act on Corporate Due Diligence in Supply Chains), its global importance will continue to grow. A holistic sustainability strategy has been developed and consistently implemented in order to meet the expectations of customers, employees, investors, politicians and society. CECONOMY believes that this field provides a wide variety of options for new business areas. These include the creation of a more sustainable product mix in the areas of circular economy business models, high-quality customer advice and education on sustainable consumption, and measures to reduce the CO2 emissions of the company's own operations. CECONOMY believes that it has a responsibility to society to make a relevant contribution to sustainability.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Income statement

€ million	Q2 2020/21	Q2 2021/22	H1 2020/21	H1 2021/22
Sales	**4,322**	**5,019**	**11,786**	**11,873**
Cost of sales	−3,676	−4,159	−9,874	−9,830
Gross profit on sales	**646**	**859**	**1,912**	**2,042**
Other operating income	41	37	105	108
Selling expenses	−725	−816	−1,591	−1,663
General administrative expenses	−140	−147	−264	−274
Other operating expenses	−1	−1	−2	−2
Earnings share of investments accounted for using the equity method	179	34	178	33
Net impairments on operating financial assets and contract assets	−1	−2	0	−4
Earnings before interest and taxes (EBIT)	**−2**	**−35**	**338**	**241**
Other investment result	28	1	37	13
Interest income	5	6	8	8
Interest expenses	−18	−14	−33	−32
Other financial result	−11	0	−18	−7
Net financial result	**4**	**−7**	**−6**	**−17**
Earnings before taxes (EBT)	**2**	**−42**	**332**	**224**
Income taxes	64	8	−61	−97
Profit or loss for the period from continuing operations	**66**	**−33**	**271**	**127**
Profit or loss for the period from discontinued operations	13	0	13	0
Profit or loss for the period	**79**	**−33**	**283**	**127**
Profit or loss for the period attributable to non-controlling interests	−25	−13	27	25
from continuing operations	**−27**	**−13**	**24**	**25**
from discontinued operations	3	0	3	0
Profit or loss for the period attributable to shareholders of CECONOMY AG	104	−21	257	102
from continuing operations	**94**	**−21**	**247**	**102**
from discontinued operations	10	0	10	0
Earnings per share in € (basic = diluted)	**0.29**	**−0.06**	**0.71**	**0.28**
from continuing operations	**0.26**	**−0.06**	**0.69**	**0.28**
from discontinued operations	0.03	0.00	0.03	0.00

Reconciliation from profit or loss for the period to total comprehensive income

€ million	Q2 2020/21	Q2 2021/22	H1 2020/21	H1 2021/22
Profit or loss for the period	**79**	**−33**	**283**	**127**
Other comprehensive income				
Items of other comprehensive income that will not be reclassified subsequently to profit or loss	**24**	**−74**	**33**	**−129**
Remeasurement of defined benefit pension plans	16	26	12	27
Gains/losses on remeasuring financial instruments measured at fair value through other comprehensive income	12	−100	25	−157
Subsequent measurement of associates/joint ventures accounted for using the equity method	−3	0	−3	0
Items of other comprehensive income that may be reclassified subsequently to profit or loss	**9**	**4**	**−10**	**2**
Currency translation differences from translating the financial statements of foreign operations	10	4	−10	2
Subsequent measurement of associates/joint ventures accounted for using the equity method	−1	0	−1	0
Other comprehensive income	**33**	**−69**	**23**	**−127**
Total comprehensive income	**112**	**−103**	**306**	**0**
Total comprehensive income attributable to non-controlling interests	−20	−33	29	−6
Total comprehensive income attributable to shareholders of CECONOMY AG	132	−70	276	6

Statement of financial position

Assets

€ million	30/09/2021	31/03/2021	31/03/2022
Non-current assets	**3,903**	**3,904**	**3,710**
Goodwill	524	524	524
Other intangible assets	125	109	135
Property, plant and equipment	507	522	476
Right-of-use assets	1,933	1,903	1,895
Financial assets	280	306	123
Investments accounted for using the equity method	425	441	458
Other financial assets	3	3	2
Other assets	8	6	7
Deferred tax assets	99	92	90
Current assets	**6,764**	**6,172**	**6,492**
Inventories	3,111	3,512	3,618
Trade receivables and similar claims	361	322	396
Receivables due from suppliers	1,142	1,094	1,163
Other financial assets	276	97	256
Other assets	183	185	245
Income tax assets	107	62	103
Cash and cash equivalents	1,582	901	711
	10,667	**10,077**	**10,203**

Equity and liabilities

€ million	30/09/2021	31/03/2021	31/03/2022
Equity	**757**	**812**	**684**
Share capital	919	919	919
Capital reserve	321	321	321
Reserves retained from earnings	−527	−498	−586
Non-controlling interests	44	71	31
Non-current liabilities	**2,686**	**2,163**	**2,578**
Provisions for pensions and similar obligations	462	479	404
Other provisions	38	34	38
Borrowings	2,109	1,568	2,076
Other financial liabilities	43	41	25
Other liabilities	5	9	4
Deferred tax liabilities	29	31	32
Current liabilities	**7,224**	**7,101**	**6,940**
Trade liabilities and similar liabilities	5,470	5,310	5,588
Provisions	108	124	77
Borrowings	756	799	565
Other financial liabilities	420	415	309
Other liabilities	359	303	280
Income tax liabilities	110	150	120
	10,667	**10,077**	**10,203**

Condensed statement of changes in equity

€ million	Share capital	Capital reserve	Reserves retained from earnings	Total equity before non-controlling interests	Non-controlling interests	Total equity
30/09 or 01/10/2020	**919**	**321**	**–753**	**487**	**61**	**548**
Profit or loss for the period	0	0	257	257	27	283
Other comprehensive income	0	0	20	20	3	23
Total comprehensive income	**0**	**0**	**276**	**276**	**29**	**306**
Dividends	0	0	–8[1]	–8	–17[2]	–24
Equity transactions with change in equity interest without obtaining/relinquishing control	0	0	0	0	0	0
Other changes	0	0	–13	–13	–4	–17
31/03/2021	**919**	**321**	**–498**	**742**	**71**	**812**
30/09 or 01/10/2021	**919**	**321**	**–527**	**713**	**44**	**757**
Profit or loss for the period	0	0	102	102	25	127
Other comprehensive income	0	0	–96	–96	–31	–127
Total comprehensive income	**0**	**0**	**6**	**6**	**–6**	**0**
Dividends	0	0	–63[1]	–63	–6[2]	–70
Equity transactions with change in equity interest without obtaining/relinquishing control	0	0	–1	–1	0	–1
Other changes	0	0	–1	–1	0	–1
31/03/2022	**919**	**321**	**–586**	**654**	**31**	**684**

[1] The reported dividend includes dividends to minority shareholders in the amount of €–1 million (H1 2020/21: €–8 million), whose shares are reported in full as liabilities due to put options.
[2] The reported dividend includes dividends to minority shareholders in the amount of €0 million (H1 2020/21: €–2 million), whose shares are reported in full as liabilities due to put options.

Cash flow statement

€ million	H1 2020/21	H1 2021/22
EBIT	338	241
Scheduled depreciation/amortization, reversals of impairment losses and impairment on intangible assets, property, plant and equipment, right-of-use assets and impairment losses and reversals of impairment losses on investments accounted for using the equity method	237	337
Change in provisions for pensions and similar obligations	−32	−49
Change in net working capital[1]	−852	−407
Income taxes paid	−20	−75
Reclassification of gains (−)/losses (+) from the disposal of fixed assets	1	0
Other	−18	−292
Cash flow from operating activities of continuing operations	**−346**	**−246**
Cash flow from operating activities of discontinued operations	0	0
Cash flow from operating activities	**−346**	**−246**
Acquisition of subsidiaries	0	0
Investments in property, plant and equipment	−58	−76
Other investments	−21	−20
Financial investments and securities	−68	−365
Disposals of financial investments and securities	150	435
Disposals of companies	0	0
Disposal of long-term assets and other disposals	9	7
Cash flow from investing activities of continuing operations	**12**	**−19**
Cash flow from investing activities of discontinued operations	0	0
Cash flow from investing activities	**12**	**−19**
Profit distribution	−20	−104
thereof dividends paid to the shareholders of CECONOMY AG	0	−63
Payment received from capital increase	0	0
Equity transactions with change in equity interest without obtaining/relinquishing control	0	−1
Redemption of liabilities from put options of non-controlling interests	−1	−23
Proceeds from long-term borrowings	66	30
Redemption of lease liabilities	−269	−253
Redemption of other borrowings	−21	−212
Interest paid	−29	−28
Interest received	8	8
Profit and loss transfers and other financing activities	22	16
Cash flow from financing activities of continuing operations	**−244**	**−568**
Cash flow from financing activities of discontinued operations	0	0
Cash flow from financing activities	**−244**	**−568**
Total cash flows	**−577**	**−833**
Currency effects on cash and cash equivalents	−5	−37
Total change in cash and cash equivalents	**−582**	**−870**
Total cash and cash equivalents as of 1 October	1,484	1,582
Less cash and cash equivalents recognized in assets in accordance with IFRS 5	0	0
Cash and cash equivalents as of 1 October	**1,484**	**1,582**
Total cash and cash equivalents as of 31 March	901	711
Less cash and cash equivalents recognized in assets in accordance with IFRS 5	0	0
Cash and cash equivalents as of 31 March	**901**	**711**

[1] Change in net working capital shown from the related statement of financial position items, mainly adjusted for non-cash items

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Segment reporting

Continuing operations

€ million	DACH		Western/ Southern Europe		Eastern Europe		Others		Consolidation		CECONOMY[1]	
	Q2 2020/21	Q2 2021/22	Q2 2020/21	Q2 2021/22	Q2 2020/21	Q2 2021/22	Q2 2020/21	Q2 2021/22	Q2 2020/21	Q2 2021/22	Q2 2020/21	Q2 2021/22
External sales (net)	2,290	2,815	1,501	1,679	403	416	128	108	0	0	4,322	5,019
Internal sales (net)	7	11	1	1	0	0	2	2	−10	−14	0	0
Sales (net)	2,297	2,825	1,502	1,680	403	416	131	111	−10	−14	4,322	5,019
EBITDA	−1	49	24	37	14	19	18[2]	27[2]	−1	0	54	132
EBITDA adjusted	8	57	29	36	14	18	−8	−6	−1	0	43	105
Scheduled depreciation/amortization and impairment losses	119	100	71	53	14	11	3	3	0	0	206	168
Reversals of impairment losses	0	0	0	0	0	0	150	0	0	0	150	0
EBIT	−120	−50	−46	−16	0	7	165[3]	24[3]	−1	0	−2	−35
EBIT adjusted	−97	−43	−38	−17	0	6	−11	−9	−1	0	−146	−62
Investments	117	76	62	82	18	16	1	2	0	0	199	177
Non-current segment assets	1,974	1,918	885	933	158	144	489	502	0	0	3,506	3,497
Investments accounted for using the equity method	(0)	(0)	(0)	(0)	(0)	(0)	(441)	(458)	(0)	(0)	(441)	(458)

[1] Includes external sales in Q2 2021/22 of €2,306 million (Q2 2020/21: €1,807 million) for Germany, of €563 million (Q2 2020/21: €531 million) for Italy, of €545 million (Q2 2020/21: €492 million) for Spain, as well as non-current segment assets as of 31 March 2022 of €2,115 million (31/03/2021: €2,164 million) for Germany, and €361 million (31/03/2021: €295 million) for Italy.
[2] In Q2 2021/22, this includes income from operating companies recognized at equity in the Others segment in the amount of €34 million (Q2 2020/21: €29 million).
[3] In Q2 2021/22, this includes income from operating companies recognized at equity in the Others segment in the amount of €34 million (Q2 2020/21: €179 million, of which €150 million were attributable to reversals of impairment losses).

€ million	DACH		Western/ Southern Europe		Eastern Europe		Others		Consolidation		CECONOMY[1]	
	H1 2020/21	H1 2021/22	H1 2020/21	H1 2021/22	H1 2020/21	H1 2021/22	H1 2020/21	H1 2021/22	H1 2020/21	H1 2021/22	H1 2020/21	H1 2021/22
External sales (net)	6,714	6,733	3,796	3,896	971	969	305	275	0	0	11,786	11,873
Internal sales (net)	13	22	1	1	0	0	4	4	−18	−27	0	0
Sales (net)	6,727	6,755	3,798	3,897	971	969	309	279	−18	−27	11,786	11,873
EBITDA	365	330	156	166	42	53	12[2]	27[2]	−1	1	575	578
EBITDA adjusted	373	337	162	162	42	53	−7	−4	−1	1	569	549
Scheduled depreciation/amortization and impairment losses	225	201	129	107	26	23	7	7	0	0	387	337
Reversals of impairment losses	0	0	0	0	0	0	150	0	0	0	150	0
EBIT	140	130	27	60	16	30	155[3]	20[3]	−1	1	338	241
EBIT adjusted	162	137	37	56	16	29	−14	−11	−1	1	199	212
Investments	167	143	90	140	23	35	2	4	0	0	282	322
Non-current segment assets	1,974	1,918	885	933	158	144	489	502	0	0	3,506	3,497
Investments accounted for using the equity method	(0)	(0)	(0)	(0)	(0)	(0)	(441)	(458)	(0)	(0)	(441)	(458)

[1] Includes external sales in H1 2021/22 of €5,509 million (H1 2020/21: €5,469 million) for Germany, of €1,408 million (H1 2020/21: €1,368 million) for Italy and €1,242 million (H1 2020/21: €1,222 million) for Spain as well as non-current segment assets as of 31 March 2022 of €2,115 million (31/03/2021: €2,164 million) for Germany, and €361 million (31/03/2021: €295 million) for Italy.
[2] In H1 2021/22, this includes income from operating companies recognized at equity in the Others segment in the amount of €33 million (H1 2020/21: €28 million).
[3] In H1 2021/22, this includes income from operating companies recognized at equity in the Others segment in the amount of €33 million (H1 2020/21: €178 million, of which €150 million were attributable to reversals of impairment losses).

Explanatory notes to the accounting policies applied to the condensed consolidated interim financial statements

CECONOMY AG is a listed corporation based in Düsseldorf, Germany. The condensed consolidated interim financial statements for CECONOMY AG and its subsidiaries cover the period from 1 October 2021 to 31 March 2022 and were subject to an audit review in accordance with Section 115 (5) of the German Securities Trading Act (WpHG).

The condensed consolidated interim financial statements as of 31 March 2022 were prepared in accordance with International Accounting Standard (IAS) 34 ("Interim Financial Reporting"), which regulates interim financial statements in accordance with International Financial Reporting Standards (IFRS). As these are condensed consolidated interim financial statements, not all information and explanatory notes that are required according to the IFRS for consolidated financial statements at the end of a financial year are included.

The condensed consolidated interim financial statements have been prepared in euros. Unless indicated otherwise, all amounts are stated in millions of euros (€ million), applying commercial rounding. In order to provide a better overview, decimal places are not shown in the tables in some cases. Figures in the tables may contain rounding differences.

During the year, any material sales-related and cyclical items were deferred.

All applicable standards and interpretations published by the International Accounting Standards Board (IASB) and endorsed by the European Union were applied in these condensed consolidated interim financial statements. With the exception of the changes in accounting described below, the same accounting and measurement methods were applied as in the last consolidated financial statements as of 30 September 2021. Further information on the accounting policies can be found in the notes to the consolidated financial statements as of 30 September 2021 (see Annual Report 2020/21, pages 111–131).

NEW ACCOUNTING STANDARDS

The new and amended standards that are generally to be applied for the first time from 1 October 2021 and that CECONOMY considers material are described below.

IFRS 9/IAS 39/IFRS 7/IFRS 4/IFRS 16

The amendments made to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 in connection with the IASB project (Interest Rate Benchmark Reform – Phase 2) provide expedients for the recognition of modifications to contractual cash flows and hedges necessitated by the replacement of existing interest rate benchmarks with alternative risk-free interest rate benchmarks. The amendments do not have any impact on the condensed consolidated interim financial statements of CECONOMY.

Other amendments to IFRS

The amendments to IFRS 4 extend the temporary exemption from applying IFRS 9 for insurance companies by another two years. The effective date of IFRS 17, which will replace IFRS 4, is likewise postponed to annual reporting periods beginning on or after 1 January 2023.

Impact of the Russian war of aggression against Ukraine on accounting

On 24 February 2022, Russia began a war of aggression against Ukraine. CECONOMY has no direct or indirect presence in Ukraine and as of 2018 also no longer operates in Russia.

However, CECONOMY continues to hold 15 per cent of the shares in PJSC M.video, the leading consumer electronics retailer in Russia. The shareholding is purely a financial minority stake. Due to the recent developments, at the end of the second quarter of 2022 it was no longer possible to assume that the price data available from the Moscow stock exchange could provide a basis for a reliable estimate of the current market value of PJSC M.video. Therefore, an expert was commissioned to provide an indication of the market value. The starting point for the valuation was the stock exchange price of 264.4 roubles per share fixed on 25 February 2022, i.e. the last trading day before suspension of trading on the Moscow stock exchange. For the purposes of a best-possible estimate of market value, this stock exchange price was adjusted by a markdown of 25 per cent and an exchange rate of 0.008 euros per rouble. The price markdown applied was based on the price performance of a dual-listed stock in the period from 25 February 2022 to 31 March 2022, whereby a positive correlation can be plausibly assumed with the potential performance of the PJSC "M.video" share. As a result, the carrying amount of the investment, which was recognized at €138 million as of 31 December 2021, was adjusted through other comprehensive income by €96 million to around €43 million as of

31 March 2022. For financial investments in equity instruments not held for trading, the subsequent measurement option contained in IFRS 9 for these instruments was exercised consistently on initial recognition to the effect that changes in fair value are not recognized in the income statement but through the other comprehensive income of CECONOMY. It remains impossible to derive a market value from the stock market price after the reporting date.

Due to the decline in share prices influenced by the Russian war of aggression against Ukraine, indications were identified that suggested impairment of the shares in Fnac Darty S.A. As a result, an expert was commissioned to provide a value indication. It was found that the carrying amount of the shares in Fnac Darty S.A. were within the value range determined via scenario-based DCF method. As the carrying amount of the shares in Fnac Darty S.A. were also within the indicative value ranges used to verify the plausibility of the DCF result, the investment in Fnac Darty S.A accounted for using the equity method was assumed to be recoverable overall as of 31 March 2022.

Despite an adjusted weighted average cost of capital (WACC), the conduct of impairment tests did not provide any indication of impairment on the goodwill recognized.

There was also an assessment of the other assets. This resulted in no additional impairment.

Notes to the income statement

SALES

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

Quarter	DACH	Western/ Southern Europe	Eastern Europe	Others	CECONOMY
€ million	Q2 2021/22	Q2 2021/22	Q2 2021/22	Q2 2021/22	Q2 2021/22
Product sales	2,626	1,584	401	101	4,712
Services & Solutions	188	95	16	8	307
Total sales	**2,815**	**1,679**	**416**	**108**	**5,019**

Half-year	DACH	Western/ Southern Europe	Eastern Europe	Others	CECONOMY
€ million	H1 2021/22	H1 2021/22	H1 2021/22	H1 2021/22	H1 2021/22
Product sales	6,336	3,693	935	258	11,222
Services & Solutions	397	202	34	17	651
Total sales	**6,733**	**3,896**	**969**	**275**	**11,873**

Total sales came to €11,873 million in the first half of 2021/22. Product sales came to €11,222 million, with sales from Services & Solutions totalling €651 million.

Total sales for the second quarter of 2021/22 came to €5,019 million, with product sales amounting to €4,712 million and with sales from Services & Solutions totalling €307 million.

GOVERNMENT GRANTS

Government grants in line with IAS 20 due to the COVID-19 pandemic totalled approximately €1 million in the first half of 2021/22 (H1 2020/21: €57 million). These constituted reimbursements of social security contributions.

SCHEDULED DEPRECIATION/AMORTIZATION AND IMPAIRMENT LOSSES

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

Q2 2020/21

€ million	Goodwill	Other intangible assets	Property, plant and equipment	Right-of-use assets	Investments accounted for using the equity method	Total
Cost of sales	0	0	0	0	0	**0**
thereof scheduled depreciation/amortization	(0)	(0)	(0)	(0)	(0)	(0)
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)
Selling expenses	0	2	37	146	0	**185**
thereof scheduled depreciation/amortization	(0)	(2)	(37)	(128)	(0)	(167)
thereof impairment losses	(0)	(0)	(0)	(18)	(0)	(18)
General administrative expenses	0	4	11	5	0	**21**
thereof scheduled depreciation/amortization	(0)	(4)	(4)	(4)	(0)	(12)
thereof impairment losses	(0)	(0)	(8)	(1)	(0)	(9)
Other operating expenses	0	0	0	0	0	**0**
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)
Earnings share of investments accounted for using the equity method	0	0	0	0	0	**0**
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)
Total	**0**	**6**	**48**	**152**	**0**	**206**
thereof scheduled depreciation/amortization	**(0)**	**(6)**	**(41)**	**(132)**	**(0)**	**(179)**
thereof impairment losses	**(0)**	**(0)**	**(8)**	**(19)**	**(0)**	**(27)**

Q2 2021/22

€ million	Goodwill	Other intangible assets	Property, plant and equipment	Right-of-use assets	Investments accounted for using the equity method	Total
Cost of sales	0	0	0	0	0	**0**
thereof scheduled depreciation/amortization	(0)	(0)	(0)	(0)	(0)	(0)
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)
Selling expenses	0	1	34	122	0	**157**
thereof scheduled depreciation/amortization	(0)	(1)	(34)	(122)	(0)	(157)
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)
General administrative expenses	0	4	4	3	0	**11**
thereof scheduled depreciation/amortization	(0)	(4)	(4)	(3)	(0)	(11)
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)
Other operating expenses	0	0	0	0	0	**0**
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)
Earnings share of investments accounted for using the equity method	0	0	0	0	0	**0**
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)
Total	**0**	**5**	**38**	**125**	**0**	**168**
thereof scheduled depreciation/amortization	(0)	(5)	(38)	(125)	(0)	(167)
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)

H1 2020/21

€ million	Goodwill	Other intangible assets	Property, plant and equipment	Right-of-use assets	Investments accounted for using the equity method	Total
Cost of sales	0	0	0	1	0	**1**
thereof scheduled depreciation/amortization	(0)	(0)	(0)	(1)	(0)	(1)
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)
Selling expenses	0	5	75	274	0	**354**
thereof scheduled depreciation/amortization	(0)	(5)	(74)	(256)	(0)	(335)
thereof impairment losses	(0)	(0)	(0)	(18)	(0)	(18)
General administrative expenses	0	7	15	10	0	**32**
thereof scheduled depreciation/amortization	(0)	(7)	(8)	(8)	(0)	(24)
thereof impairment losses	(0)	(0)	(8)	(1)	(0)	(9)
Other operating expenses	0	0	0	0	0	**0**
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)
Earnings share of investments accounted for using the equity method	0	0	0	0	0	**0**
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)
Total	**0**	**13**	**90**	**285**	**0**	**387**
thereof scheduled depreciation/amortization	**(0)**	**(13)**	**(82)**	**(266)**	**(0)**	**(360)**
thereof impairment losses	**(0)**	**(0)**	**(8)**	**(19)**	**(0)**	**(27)**

H1 2021/22

€ million	Goodwill	Other intangible assets	Property, plant and equipment	Right-of-use assets	Investments accounted for using the equity method	Total
Cost of sales	0	0	0	0	0	**0**
thereof scheduled depreciation/amortization	(0)	(0)	(0)	(0)	(0)	(0)
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)
Selling expenses	0	3	69	244	0	**315**
thereof scheduled depreciation/amortization	(0)	(3)	(68)	(244)	(0)	(315)
thereof impairment losses	(0)	(0)	(1)	(0)	(0)	(1)
General administrative expenses	0	7	8	6	0	**22**
thereof scheduled depreciation/amortization	(0)	(7)	(8)	(6)	(0)	(22)
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)
Other operating expenses	0	0	0	0	0	**0**
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)
Earnings share of investments accounted for using the equity method	0	0	0	0	0	**0**
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)
Total	**0**	**10**	**77**	**250**	**0**	**337**
thereof scheduled depreciation/amortization	(0)	(10)	(76)	(250)	(0)	(336)
thereof impairment losses	(0)	(0)	(1)	(0)	(0)	(1)

PROFIT OR LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS

The first half of 2020/21 contains no earnings effects from discontinued operations (H1 2020/21: income of €13 million in connection with the Russian MediaMarkt business sold in financial year 2017/18).

Notes to the statement of financial position

Investments accounted for using the equity method

As of 31 March 2022, investments in associates and joint ventures accounted for using the equity method of €458 million were recognized (30/09/2021: €425 million). The investment in the associate Fnac Darty S.A. is a material investment accounted for using the equity method, which since the end of the first quarter of 2021/22 has also been the only company included in CECONOMY's consolidated financial statements using the equity method.

In the first half of 2021/22, €33 million (H1 2020/21: €28 million) was recognized in EBIT as a result of the subsequent measurement of the investment in Fnac Darty S.A. accounted for using the equity method. In addition, approximately €–1 million (H1 2020/21: €–4 million) was recognized in other retained earnings as other comprehensive income or other changes. Fnac Darty S.A. publishes information on profit or loss for the period and other changes in equity in the second and fourth quarters of a calendar year, with this information being the basis for the subsequent measurement of the investment accounted for using the equity method.

Due to recent macroeconomic and political developments – particularly the Russian war of aggression against Ukraine – and the resulting decline in share prices, indications were identified that suggested impairment of the shares in Fnac Darty S.A. As a result, an expert was commissioned to provide a value indication. It was found that the carrying amount of the shares in Fnac Darty S.A. were within the value range determined via scenario-based DCF method. As the carrying amount of the shares in Fnac Darty S.A. were also within the indicative value ranges used to verify the plausibility of the DCF result, the investment in Fnac Darty S.A accounted for using the equity method was assumed to be recoverable overall as of 31 March 2022.

In addition to the investment in Fnac Darty S.A., CECONOMY holds an investment in PMG Retail Market Ltd. Olympia Group Ltd. held a 75 per cent stake in this company and Media-Saturn-Holding GmbH 25 per cent. PMG Retail Market Ltd. qualified as a joint venture and was likewise included in CECONOMY's consolidated financial statements using the equity method in accordance.

On 24 December, CECONOMY's share in the Greek joint venture PMG Retail Market Ltd. was so substantially diluted after a capital increase carried out unilaterally by the main shareholder Olympia Group Ltd. that the company lost its status as a joint venture. The shares in PMG Retail Market Ltd. are now recognized as an investment under financial assets. The equity method was no longer applied and the shares are measured at fair value.

DIVIDENDS PAID

The dividend distribution of CECONOMY AG is based on the annual financial statements of CECONOMY AG in accordance with German commercial law.

In accordance with a resolution of the Annual General Meeting of CECONOMY AG on 9 February 2022, dividends of €0.17 per ordinary share and €0.23 per preference share were distributed from the reported net income for financial year 2020/21 of around €86 million, plus an advance dividend totalling €0.51 per preference share not paid for financial years 2017/18, 2018/19 and 2019/20 and payable subsequently in accordance with Section 21 (2) of the articles of association of CECONOMY AG, therefore around €63 million in total. The remainder was carried forward to new account.

IMPACT FROM THE REMEASUREMENT OF DEFINED BENEFIT PENSION PLANS

In connection with the recognition of actuarial gains and losses, equity was increased by €27 million (H1 2020/21: €12 million) recognized in CECONOMY's other comprehensive income, which arose from the remeasurement of defined benefit pension plans in the first six months of financial year 2021/22. The remeasurement primarily includes effects from the increase in the actuarial interest rate for the majority of German pension provisions from 0.90 per cent on 1 October 2021 to 1.80 per cent on 31 March 2022. The inflation-driven increase in the rate of pension growth, which was taken into account in the remeasurement of defined benefit pension plans with the aid of sensitivities determined as of 30 September 2021, had the opposite effect.

The country-specific actuarial interest rates and inflation rates developed as follows:

%			31/03/2021			31/03/2022
	Germany	Switzerland	Other countries	Germany	Switzerland	Other countries
Actuarial interest rate	0.90-1.30	0.19	2.00	1.80-2.00	0.10	2.95
Inflation rate	1.50	0.00	1.50	1.75	0.00	N/A

CARRYING AMOUNTS AND FAIR VALUES BY MEASUREMENT CATEGORY

Financial instruments are accounted for in accordance with IFRS 9 and allocated to the appropriate accounts.

€ million	31/03/2021				
		Value in statement of financial position			
	Carrying amount	(Amortized) cost	Fair value through profit or loss	Fair value through other comprehensive income	Fair value
Assets					
Measured at amortized cost	**2,245**	**2,245**	**0**	**0**	**2,245**
Cash and cash equivalents	901	901	0	0	901
Receivables due from suppliers	1,094	1,094	0	0	1,094
Trade receivables and similar claims[1]	142	142	0	0	142
Loans and advance credit granted	13	13	0	0	13
Miscellaneous financial assets	95	95	0	0	95
Measured at fair value through profit or loss	**5**	**0**	**5**	**0**	**5**
Securities	0	0	0	0	0
Derivative financial instruments	5	0	5	0	5
Measured at fair value through other comprehensive income	**292**	**0**	**0**	**292**	**292**
Equity instruments	292	0	0	292	292
Equity and liabilities					
Measured at amortized cost	**5,765**	**5,765**	**0**	**0**	**5,767**
Borrowings[2]	343	343	0	0	345
Trade liabilities and similar liabilities[3]	4,966	4,966	0	0	4,966
Miscellaneous financial liabilities	456	456	0	0	456
Measured at fair value through profit or loss	**0**	**0**	**0**	**0**	**0**
Derivative financial instruments	0	0	0	0	0

[1] Not including continuing involvement of €55 million or contract assets of €125 million
[2] Not including lease liabilities of €2,024 million
[3] Not including continuing involvement of €55 million or contract liabilities of €289 million

					31/03/2022
		Value in statement of financial position			
€ million	Carrying amount	(Amortized) cost	Fair value through profit or loss	Fair value through other comprehensive income	Fair value
Assets					
Measured at amortized cost	**2,291**	**2,291**	**0**	**0**	**2,291**
Cash and cash equivalents	711	711	0	0	711
Receivables due from suppliers	1,163	1,163	0	0	1,163
Trade receivables and similar claims[1]	171	171	0	0	171
Loans and advance credit granted	13	13	0	0	13
Miscellaneous financial assets	233	233	0	0	233
Measured at fair value through profit or loss	**25**	**0**	**25**	**0**	**25**
Securities	25	0	25	0	25
Derivative financial instruments	0	0	0	0	0
Measured at fair value through other comprehensive income	**109**	**0**	**0**	**109**	**109**
Equity instruments	109	0	0	109	109
Equity and liabilities					
Measured at amortized cost	**6,230**	**6,230**	**0**	**0**	**6,195**
Borrowings[2]	617	617	0	0	582
Trade liabilities and similar liabilities[3]	5,285	5,285	0	0	5,285
Miscellaneous financial liabilities	328	328	0	0	328
Measured at fair value through profit or loss	**6**	**0**	**6**	**0**	**6**
Derivative financial instruments	6	0	6	0	6

[1] Not including continuing involvement of €62 million or contract assets of €163 million
[2] Not including lease liabilities of €2,024 million
[3] Not including continuing involvement of €62 million or contract liabilities of €242 million

The classes are formed on the basis of similar risks and characteristics corresponding to the nature of the respective financial instruments. Further subdivision for individual financial assets and liabilities is shown the table above.

The fair value hierarchy consists of three levels and is determined based on the market proximity of the inputs used in the measurement method. In cases where various inputs are critical for the measurement, the fair value is allocated to the hierarchy level corresponding to the lowest-level input that is relevant for the measurement.

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 inputs: unobservable inputs for the asset or liability

Equity instruments of €109 million (31/03/2021: €292 million) are subsequently measured at fair value through other comprehensive income. €72 million (31/03/2021: €255 million) of this relates to listed companies, with €43 million (31/03/2021: €222 million) attributable to the 15 per cent investment in Russia's leading consumer electronics retailer PJSC "M.video" and €29 million (31/03/2021: €33 million) attributable to the roughly 1 per cent share in METRO AG.

Equity instruments of €37 million (31/03/2021: €37 million) for which there is no active market and which are not listed on the stock exchange are recognized at fair value through other comprehensive income. These equity instruments are not planned to be sold. The main component at €35 million (31/03/2021: €35 million) is the 6.61 per cent investment in METRO PROPERTIES GmbH & Co. KG.

The financial instruments measured at fair value as of 31 March 2021 in accordance with IFRS 9 are allocated as follows within the three-level fair value hierarchy:

€ million	31/03/2021 Total	Level 1	Level 2	Level 3
Assets	**297**	**255**	**5**	**37**
Measured at fair value through profit or loss	**5**	**0**	**5**	**0**
Securities	0	0	0	0
Derivative financial instruments	5	0	5	0
Measured at fair value through other comprehensive income	**292**	**255**	**0**	**37**
Equity instruments	292	255	0	37
Equity and liabilities	**0**	**0**	**0**	**0**
Measured at fair value through profit or loss	**0**	**0**	**0**	**0**
Derivative financial instruments	0	0	0	0
Total	**297**	**255**	**5**	**37**

The financial instruments measured at fair value as of 31 March 2022 in accordance with IFRS 9 are allocated as follows within the three-level fair value hierarchy:

€ million	31/03/2022 Total	Level 1	Level 2	Level 3
Assets	**134**	**54**	**0**	**80**
Measured at fair value through profit or loss	**25**	**25**	**0**	**0**
Securities	25	25	0	0
Derivative financial instruments	0	0	0	0
Measured at fair value through other comprehensive income	**109**	**29**	**0**	**80**
Equity instruments	109	29	0	80
Equity and liabilities	**6**	**0**	**6**	**0**
Measured at fair value through profit or loss	**6**	**0**	**6**	**0**
Derivative financial instruments	6	0	6	0
Total	**128**	**54**	**–6**	**80**

Securities (level 1) are measured on the basis of quoted market prices in active markets.

The securities (level 1) relate to short-term investments in funds and are measured on the basis of quoted market prices in active markets.

For interest rate swaps and currency transactions (all level 2), there is a mark-to-market measurement on the basis of quoted exchange rates and yield curves available on the market.

The equity instruments without an active market reported as assets totalling €80 million as of 31 March 2022 (31/03/2021: €37 million) are allocated to fair value level 3.

The fair value of the 15 per cent investment in Russia's leading consumer electronics retailer PJSC "M.video" declined by €180 million to €43 million as of 31 March 2022 (31/03/2021: €222 million). This change in the carrying amount was recognized through other comprehensive income ("Gains/losses on remeasuring financial instruments measured at fair value through other comprehensive income"). Because of the Russian war of aggression against Ukraine, a reliable level 1 market valuation of the 15 per cent interest using the share price determined in restricted trading on the Moscow stock exchange was no longer possible on the reporting date, so the valuation was performed using an externally commissioned value indication. Accordingly, as of 31 March 2022 it was necessary to change the fair value hierarchy level from level 1 (31/03/2021) to level 3.

The starting point for this level 3 valuation was the stock exchange price of 264.4 roubles per share fixed on 25 February 2022, i.e. the last trading day before suspension of trading on the Moscow stock exchange. For the purposes of a best-possible estimate of market value, this stock exchange price was adjusted by a markdown of 25 per cent and an exchange rate of 0.008 euros per rouble. The price markdown applied was based on the price performance of a dual-listed stock in the period from 25 February 2022 to 31 March 2022, whereby a positive correlation can be plausibly assumed with the potential performance of the PJSC "M.video" share. As a result, the market value estimate thus derived for the 15 per cent investment in PJSC "M.video" amounts to €43 million.

Varying the material measurement parameters, a 10 percentage point increase in the markdown would decrease the carrying amount by €6 million. Reducing the markdown by 10 percentage points would increase the carrying amount by €6 million. Increasing the exchange rate by 10 per cent would increase the carrying amount by €4 million. Reducing the exchange rate by 10 per cent would decrease the carrying amount by €4 million.

The fair value of the shares in METRO PROPERTIES GmbH & Co. KG amounted to €35 million, as in the previous year. The fair value measurement is determined mainly on the basis of selling prices from sales of land. The fair value of the shares is determined by the value of the real estate behind the investment, so higher or lower real estate values result in a higher or lower fair value, respectively.

During the reporting period, no transfers were made between levels 1 and 2.

In the current financial year, there were transfers to or from level 3 as described above.

Financial instruments that are recognized at amortized cost in the statement of financial position, but whose fair values are stated in the notes, are also classified within a three-level fair value hierarchy.

Due to their generally short terms, the fair values of receivables due from suppliers, trade receivables and trade payables, and cash and cash equivalents largely correspond to their carrying amounts.

The fair values of bonds, liabilities to banks and promissory note loans are calculated based on the market interest curve in line with the zero-coupon method, taking account of credit spreads (level 2). The values include accrued interest as of the closing date.

The fair values of all miscellaneous financial assets and financial liabilities that are not listed on the stock exchange correspond to the net present values of the payments associated with these items of the statement of financial position. The country-specific yield curves applicable as of the closing date (level 2) were used in the calculation.

Other notes

Segment reporting

Segmentation is in line with the Group's internal management and reporting.

CECONOMY's chief operating decision maker (CODM) in accordance with IFRS 8 (Operating Segments) is the Management Board of CECONOMY AG. The Management Board members have joint responsibility for allocating resources and assessing the Group's operating profitability. At CECONOMY, management is generally performed at a national level. The CODM of CECONOMY therefore manages the company's activities on the basis of internal reporting that generally includes key figures for each country. Resource allocation and performance measurement accordingly take place at a national level.

CECONOMY operates in a single business sector, the electronics sector. Combined with a relatively homogeneous alignment, its products, services and customer groups and its sales methods are similar in all countries. Based on similar economic conditions and business activities of the operations, individual countries are aggregated to form the following reportable **operating segments**:

– DACH: Germany, Austria, Switzerland, Hungary

– Western/Southern Europe: Belgium, Italy, Luxembourg, Netherlands, Portugal, Spain

– Eastern Europe: Poland, Turkey

All non-reportable operating segments as well as business activities that do not meet the criteria to be defined as an operating segment are grouped together under "Others". This particularly includes Sweden and smaller operating companies.

The main components of segment reporting are described below:

– External sales represent the operating segments' sales with non-Group parties.

– Internal sales show sales with other operating segments.

– Segment EBIT refers to the profit before net financial result and income taxes. Intragroup rental contracts are presented as operating leases in the segments. The properties are leased at market terms. Location-related risks and impairment risks of non-current assets are generally shown in the segments only if they represent risks for the Group. The same applies to deferred assets and liabilities, which are shown at segment level only if this would also be required in the consolidated statement of financial position.

– Segment EBITDA comprises EBIT before depreciation, amortization, impairment losses and reversals of impairment losses on intangible assets, property, plant and equipment, right-of-use assets and investments accounted for using the equity method.

– In the first half of financial year 2021/22, adjusted EBIT and adjusted EBITDA are adjusted for non-recurring effects and earnings effects from companies accounted for using the equity method and portfolio changes. The non-recurring effects include expenses in connection with the introduction of a harmonized organizational structure ("Operating Model"), permanent store closures as a result of COVID-19 and effects in connection with the acquisition of the minority shareholding in MediaMarktSaturn and reorganization and simplification of the shareholder structure announced on 14 December 2020. Expenses in connection with the introduction of a harmonized organizational structure ("Operating Model") of €4 million (Q2 2020/21: €8 million) were recognized in EBIT and in EBITDA in the second quarter of 2021/22, and €0 million (H1 2020/21: €8 million) in EBIT and €0 million (H1 2020/21: €7 million) in EBITDA in the first half of 2021/22. The Operating Model focuses in particular on the harmonization of structures and standardized, efficient processes and procedures for the administrative functions in the country organizations of MediaMarktSaturn. In addition, the management structures in the stores will be unified throughout Europe and the relief from administrative tasks will enable employees to focus on the customer experience to the greatest extent possible. Expenses for permanent store closures due to COVID-19 are recognized in EBIT in the amount of €2 million in the second quarter of 2021/22 (Q2 2020/21: €25 million) and €2 million in the first half of 2021/22 (H1 2020/21: €25 million). EBITDA included expenses of €2 million in Q2 2021/22 (Q2 2020/21: €7 million) and of €2 million in the first half of 2021/22 (H1 2020/21: €7 million). The COVID-19-related store closures relate to the permanent closures of MediaMarkt and Saturn stores in several European countries which have lower footfall as a result of the COVID-19 pandemic and cannot be brought back into the profit zone from the company's point of view. Expenses in connection with the transaction announced on 14 December 2020 relating to the acquisition of the minority shareholding in MediaMarktSaturn and reorganization and simplification of the shareholder structure amounting to around €1 million (Q2 2020/21: €2 million) were recognized in EBIT and EBITDA in the second quarter of 2021/22. For this, expenses of €3 million (H1 2020/21: €8 million) are included in EBIT and EBITDA in the first half of 2021/22. In the second quarter of 2021/22, non-recurring effects amount to €–7 million (Q2 2020/21: €–34 million) in EBIT and €–7 million (Q2 2020/21: €–17 million) in EBITDA. EBIT includes income of €34 million (Q2 2020/21: €179 million) and EBITDA includes income of €34 million (Q2 2020/21: €29 million) for companies accounted for using the equity method and portfolio changes. In the first half of 2021/22, non-recurring effects amount to €–4 million (H1 2020/21: €–40 million) in EBIT and €–4 million (H1 2020/21: €–22 million) in EBITDA. For companies recognized at equity and portfolio changes, EBIT includes earnings effects of €33 million (H1 2020/21: €178 million) and EBITDA includes earnings effects of €33 million (H1 2020/21: €28 million).

The reconciliations of adjusted EBIT to EBIT and of adjusted EBITDA to EBITDA are presented below:

€ million	Q2 2020/21	Q2 2021/22
Adjusted EBIT	**–146**	**–62**
COVID-19-related permanent store closures	–25	–2
Introduction of the Operating Model	–8	–4
Transaction costs from minority stake acquisition	–2	–1
Companies accounted for using the equity method and portfolio changes	179	34
EBIT	**–2**	**–35**

€ million	H1 2020/21	H1 2021/22
Adjusted EBIT	**199**	**212**
COVID-19-related permanent store closures	–25	–2
Introduction of the Operating Model	–8	0
Transaction costs from minority stake acquisition	–8	–3
Companies accounted for using the equity method and portfolio changes	178	33
EBIT	**338**	**241**

€ million	Q2 2020/21	Q2 2021/22
Adjusted EBITDA	**43**	**105**
COVID-19-related permanent store closures	–7	–2
Introduction of the Operating Model	–8	–4
Transaction costs from minority stake acquisition	–2	–1
Companies accounted for using the equity method and portfolio changes	29	34
EBITDA	**54**	**132**

€ million	H1 2020/21	H1 2021/22
Adjusted EBITDA	**569**	**549**
COVID-19-related permanent store closures	–7	–2
Introduction of the Operating Model	–7	0
Transaction costs from minority stake acquisition	–8	–3
Companies accounted for using the equity method and portfolio changes	28	33
EBITDA	**575**	**578**

– Segment investments comprises additions (including additions to consolidation group) to non-current intangible assets, property, plant and equipment, right-of-use assets and investments accounted for using the equity method. Excluded here are additions as a result of reclassifying "assets held for sale" as non-current assets.

– Non-current segment assets comprise all the non-current assets. They particularly do not include financial assets or tax items.

The reconciliation of non-current segment assets to the Group's assets is shown below:

€ million	31/03/2021	31/03/2022
Non-current segment assets	**3,506**	**3,497**
Financial assets	306	123
Cash and cash equivalents	901	711
Deferred tax assets	92	90
Income tax assets	62	103
Other entitlements to tax refunds[1]	128	180
Lower of cost and net realizable value	3,512	3,618
Trade receivables and similar claims	322	396
Receivables due from suppliers	1,094	1,163
Prepaid expenses and deferred charges[1]	58	62
Receivables from other financial transactions[2, 3]	8	105
Other[1, 2, 3, 4]	89	154
Group assets	**10,077**	**10,203**

[1] Included in the "Other assets (current)" balance sheet item
[2] Included in the "Other financial assets (current)" balance sheet item
[3] Included in the "Other financial assets (non-current)" balance sheet item
[4] Included in the "Other assets (non-current)" balance sheet item

– The transfer pricing system between the segments is based on licence allocation on a cost-plus basis, which comprises cost relief in connection with routine services. The licence allocation, which is calculated on the basis of the segments' sales, covers the use of brands in the Group, among other things.

Contingent liabilities

CECONOMY had contingent liabilities of €22 million in the first half of 2021/22 (H1 2020/21: €10 million). These mainly relate to income taxes and VAT.

Other legal matters

Information on legal disputes, investigations and other legal matters and on the associated potential risks and implications on CECONOMY is provided in note 45. "Other legal matters" and note 46. "Events after the reporting date" in the notes to the consolidated financial statements of CECONOMY AG as of 30 September 2021.

No material developments with regard to material legal disputes, investigations and other legal matters have taken place since the preparation of the consolidated financial statements.

EVENTS AFTER THE REPORTING DATE

↗ Information on events after the second quarter can be found on page 10.

RESPONSIBILITY STATEMENT OF THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles for half-yearly financial reporting, the half-yearly consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the material opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Düsseldorf, 6 May 2022

The Management Board

Dr Karsten Wildberger

Florian Wieser

CERTIFICATE FOLLOWING THE AUDITOR'S REVIEW

TO CECONOMY AG, DÜSSELDORF

We have reviewed the condensed interim consolidated financial statements – comprising the income statement, the reconciliation from profit or loss for the period to total comprehensive income, the statement of financial position, the condensed statement of changes in equity, the cash flow statement and selected notes to the consolidated financial statements – together with the interim group management report of the CECONOMY AG, Düsseldorf, for the period from 1 October 2021 to 31 March 2022 that are part of the semi annual according to § 115 WpHG ["Wertpapierhandelsgesetz": "German Securities Trading Act"]. The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting" as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Düsseldorf, 6 May 2022

KPMG AG

Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Rupprecht	Dr Ackermann
Wirtschaftsprüfer [German Public Auditor]	Wirtschaftsprüferin [German Public Auditor]

FINANCIAL CALENDAR

Quarterly statement Q3/9M 2021/22	Thursday	11 August 2022	7:00 a.m.
Annual report FY 2021/22	Tuesday	15 December 2022	7:00 a.m.

All time specifications according to German time.

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Visit our website at www.ceconomy.de/en, the primary source for comprehensive publications and information about CECONOMY.

GENERAL INFORMATION

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Disclaimer

This half-year financial report contains forward-looking statements that are based on certain assumptions and expectations at the time of its publication. These statements are therefore subject to risks and uncertainties, which means that actual results may differ substantially from the future-oriented statements made here. Many of these risks and uncertainties relate to factors that are beyond CECONOMY AG's ability to control or estimate precisely. This includes future market conditions and economic developments, the behaviour of other market participants, the achievement of expected cost savings and productivity improvements, as well as legal and political decisions. CECONOMY AG does not undertake any obligation to publicly correct or update these forward-looking statements to reflect events or circumstances that have occurred after the publication date of this quarterly statement and associated material.

Please note in case of doubt the German version shall prevail.