Report of the Executive Board on item 9 of the agenda on the exclusion of subscription rights in connection with the issue of convertible bonds and/or warrant bonds pursuant to section 221 para. 4 sentence 2, section 186 para. 4 sentence 2 AktG

The proposed authorisation to issue convertible bonds and/or warrant bonds (including all the structuring options provided for, hereinafter also collectively referred to as "**Bonds**") in a total nominal amount of up to EUR 1.5 billion and the creation of the associated conditional capital of up to EUR 38,232.159 is intended to secure and expand Deutsche Euroshop AG's options for financing its activities, which are explained in more detail below, and is intended to enable the Executive Board, with the consent of the Supervisory Board, to find a way to a flexible and timely financing that is in the interests of the Company, particularly if favourable capital market conditions arise.

For this purpose, the Executive Board is authorised, with the consent of the Supervisory Board, to issue fixed or floating-rate convertible bonds and/or warrant bonds to the shareholders of Deutsche EuroShop AG against cash and/or non-cash contributions on one or more occasions up to 28 August 2028 and to attach conversion and/or warrant rights or conversion or warrant obligations to the respective Bonds to shareholders of Deutsche EuroShop AG which entitle or oblige the purchasers in accordance with the more detailed Terms and Conditions of the Bonds to subscribe for shares of Deutsche EuroShop AG in a total number of up to 38,232,159 shares. In order to facilitate the settlement, it is also intended to use the possibility of issuing the Bonds to a credit institution or a syndicate of credit institutions with the obligation to offer the Bonds to the shareholders in accordance with their subscription rights (indirect subscription right within the meaning of section 221 para. 4 sentence 2 in conjunction with section 186 para. 5 AktG).

For the purpose of issuing the Bonds, the Executive Board is further authorised to exclude the shareholders' statutory right to subscribe for the Bonds in the following cases:

a) Exclusion of subscription rights for fractional amounts

The subscription right is intended to be excluded for fractional amounts by the Executive Board, with the consent of the Supervisory Board. Fractional amounts can be the result of the respective issue volume and the subscription ratio. The exclusion of subscription rights for fractional amounts makes it possible to exercise the proposed authorisation for creating round amounts. Such a reasonable and customary exclusion facilitates the technical processing of subscription rights.

b) Exclusion of subscription rights pursuant to section 221 para. 4 sentence 2 in conjunction with section 186 para. 3 sentence 4 AktG

Furthermore, the possibility to exclude subscription rights pursuant to section 221 para. 4 sentence 2 in conjunction with section 186 para. 3 sentence 4 AktG, which is also applicable to the issuance of convertible and/or warrant bonds, may be used. This authorisation to exclude subscription rights applies, in analogous application of section 186 para. 3 sentence 4 AktG, to the extent that the shares issued or to be issued to service the conversion and/or warrant rights or in the case of mandatory conversions do not exceed a total of ten percent of the share capital. The relevant factor is the share capital at the time of the resolution of the Annual General Meeting on the present authorisation or - if this value is lower - at the time of the exercise of the authorisation.

The issuance of new shares against cash contributions shall be taken into account for the purpose of this limitation to ten percent of the share capital, to the extent the issuance takes place after this authorisation has become effective and to the exclusion of subscription rights, by using an authorisation which, at the time this authorisation becomes effective, is valid or has been replaced for the issuance of new shares from authorised capital pursuant to section 203, para. 1 sentence 1 in conjunction with section 186 para. 3 sentence 4 AktG. Likewise, the sale of treasury shares shall be taken into account if the shares are sold after this authorisation has become effective and to the exclusion of subscription rights, on the basis of an authorisation pursuant to section 71 para. 1 sentence 1 no. 8 sentence 5 in conjunction with section 186 para. 3 sentence 4 AktG which, at the time this authorisation has become effective, is valid or has been replaced.

This calculation ensures that no Bonds are issued to the exclusion of subscription rights pursuant to section 221 para. 4 sentence 2 in conjunction with section 186 para. 4 sentence 4 AktG, if this would lead to a situation where the shareholders' subscription rights would be excluded for a total of more than ten percent of the share capital, in direct or indirect application of section 186 para. 3 sentence 4 AktG without a specific objective reason. This further limitation is in the interest of shareholders who wish to maintain their level of shareholding as far as possible in the case of capital measures.

The prerequisite for an exclusion of subscription rights in analogous application of section 186 para. 3 sentence 4 AktG is that the issue price of the convertible bonds is not significantly lower than their theoretical market value. The Executive Board will therefore calculate the theoretical market value of the convertible bonds using recognised methods of financial mathematics and set an issue price for the convertible bonds that is not significantly lower than the theoretical market value, thereby ensuring that the requirements of section 186 para. 3 sentence 4 AktG are observed also when utilising the conditional capital.

This option to exclude subscription rights enables the Executive Board, with the consent of the Supervisory Board, to make use of the capital markets quickly and at short notice and to achieve optimum conditions, for example when determining the interest rate and in particular the issue price of the Bond, by setting the terms and conditions close to the market, thereby strengthening the Company's capital base. The placement to the exclusion of shareholders' subscription rights opens up the possibility of realizing a significantly higher cash inflow than in the case of an issue with subscription rights. The main reason for this is that the exclusion of subscription rights gives the Company the necessary flexibility to take advantage of favourable stock market situations at short notice. In the event subscription rights are granted, section 186 para. 2 permits publication of the subscription price (and thus, through section 221 para. 4 sentence 2 AktG, mutatis mutandis, in the case of convertible bonds and/or warrant bonds, of the terms and conditions of such Bonds) by the third last day of the subscription period. However, given the volatility of the capital markets, even then there is a market risk over several days, resulting in safety discounts when determining the Terms and Conditions of the Bonds and, thus, in terms that are not close to the market. The existence of a subscription right also puts the successful placement at risk due to the uncertainty of its exercise (subscription behaviour), and in any case entails additional expense. Finally, in the event subscription rights are granted, the Company will not be able to react at short notice to favourable or unfavourable market conditions due to the length of the subscription period, but may be exposed, in particular, to declining share prices during the subscription period, which may lead to unfavourable financing conditions for the Company.

The shareholders' need for protection is taken into account by setting the issue price of the convertible or warrant bonds at a level not significantly below their theoretical market value, as this does not result in an unreasonable dilution of the economic value of their shares:

Whether a dilution effect occurs can be determined by calculating the theoretical market price of the convertible bonds and/or warrant bonds using accepted methods, in particular methods of financial mathematics, and comparing it with the issue price. If, after due examination by the Executive Board, this issue price is only insignificantly lower than the theoretical market price at the time the Bonds are issued, the value of a subscription right falls to virtually zero. Consequently, the shareholders do not suffer any significant economic disadvantage as a result of the exclusion of the subscription right. In this case, the exclusion of subscription rights is permissible in accordance with the spirit and purpose of the provision of section 186 para. 3 sentence 4 AktG. The protection of shareholders against an inappropriate dilution of their shareholdings is thus ensured by setting the issue price not significantly below the notional market value.

If, in the respective situation, the Executive Board deems it appropriate to obtain expert advice, in particular with regard to the determination of the theoretical market value of the Bond, it may use the assistance of third parties. For example, an underwriting bank assisting in the issue can provide suitable assurance that no significant dilution of the value of the shares is to be expected. Irrespective of this review by the Executive Board, setting the terms and conditions in line with the market and, thus, avoiding any significant dilution of value can also be ensured by conducting a bookbuilding procedure. Under this procedure, the Bonds are not offered at a fixed issue price; in particular, the issue price and interest rate, as well as individual further terms and conditions of the Bonds, are only determined on the basis of the purchase orders submitted by the investors. This way, the total value of the Bond is determined close to the market. All this ensures that there will be no significant dilution of the value of the Company's shares as a result of the exclusion of subscription rights and that shareholders will, therefore, not suffer any economic disadvantage as a result of the exclusion of subscription rights.

c) Exclusion of subscription rights to avoid dilution effects

In addition, it is to be possible to exclude subscription rights in order to be able to grant subscription rights to the holders of convertible or warrant bonds already issued. The exclusion of subscription rights in favour of the holders of convertible or warrant bonds already issued is made with regard to the protection against dilution to which they may be entitled under the Terms and Conditions of the Bonds in the event of a further issue of convertible or warrant bonds by the Company. The exclusion of subscription rights upon utilization of the present authorisation is an alternative to an adjustment of the conversion or warrant price which would otherwise have to be made. This way, a higher cash inflow is made possible.

d) Exclusion of subscription rights in the event of a contribution in kind

Finally, it is to be possible to exclude subscription rights to the extent necessary in order to be able to issue Bonds against contributions in kind as part of mergers or for the purpose of acquiring companies, parts of companies, shareholdings in other companies or other assets. This makes it possible, among other things, to use Bonds as an acquisition currency in suitable cases in the context of mergers or for the (also indirect) acquisition of companies, parts of companies, shareholdings in companies or other assets. This allows the Executive Board to respond quickly and flexibly to advantageous offers or other opportunities arising on the national and international market and to exploit opportunities for corporate expansion by acquiring companies or shareholdings in companies in return for the issue of Bonds in the interests of the Company and its shareholders. The management will carefully examine in each individual case whether to make use of this authorisation if such acquisition opportunities materialize. It will exclude the shareholders’ subscription rights to Bonds only if this is in the best interests of the Company and its shareholders.

The proposed contingent increase of the share capital by up to EUR 38,232,159 is exclusively intended to ensure the issue of shares of Deutsche EuroShop AG required upon the exercise of conversion or warrant rights and the fulfilment of conversion or warrant obligations, insofar as these are required and no treasury shares are used.

Hamburg, July 2023

The Management Board