

Explanatory Report of the Executive Board on the disclosures pursuant to § 289a, § 315a HGB

Deutsche EuroShop shares are traded on the Stock Exchange in Frankfurt am Main and other exchanges. As at 31 December 2022, 84.38% of the shares were held by Hercules BidCo GmbH, which, based on voting agreements, belongs to Alexander Otto among others (previous year: 20.03%). With regard to disclosures concerning direct or indirect shareholdings that exceed 10% of voting rights, please refer to the notes and the notes to the consolidated financial statements.

The share capital amounted to €61,783,594 on 31 December 2022 and was composed of 61,783,594 no-par-value registered shares. The notional value of each share in the share capital is €1.00.

The appointment and removal of members of the Executive Board are governed by Sections 84 and 85 AktG and Article 7 of the Articles of Association. Pursuant to Article 7 (1) of the Articles of Association, the Executive Board shall consist of one or more persons; furthermore, the Supervisory Board shall determine the number of members of the Executive Board. Amendments to the Articles of Association are subject to Sections 179 and 133 AktG and Article 13 of the Articles of Association. Pursuant to Article 13 (4) of the Articles of Association, the Supervisory Board shall be authorised to resolve amendments and addendums to the Articles of Association that relate solely to wording.

According to Article 5 of the Articles of Association, the Executive Board was authorised, with the Supervisory Board's approval, to increase the share capital by up to a total of €11,680,999 through individual or multiple issues of new no-par-value registered shares against cash and/or non-cash contributions before 27 June 2022 (Authorised capital 2017). No use had been made of this authorisation prior to the expiry of the Authorised capital 2017.

By resolution of the Annual General Meeting of 30 August 2022, the Executive Board was authorised, with the approval of the Supervisory Board, to increase the share capital by up to a total of €18,535,078 through individual or multiple issues of new no-par-value registered shares against cash and/or non-cash contributions before 29 June 2027 (Authorised capital 2022). As at 31 December 2022, no use had been made of this authorisation. With regard to the utilisation of the authorised capital in early 2023, please refer to the section "Report on events after the reporting date".

In addition, the Executive Board was authorised by a resolution of the Annual General Meeting held on 28 June 2018 to acquire treasury shares in the Company constituting up to 10% of the share capital available on the entry into force or – if this is lower – on exercise of the authorisation by 27 June 2023. As at 31 December 2022, no use had been made of this authorisation.

By resolution of the Annual General Meeting on 18 June 2021, the Executive Board was authorised, with the approval of the Supervisory Board, to issue once or several times, until 17 June 2026, convertible bonds with a total nominal value of up to EUR 200 million and a maximum term of 10 years and to grant the holders of the respective, equally privileged, bonds conversion rights to new no-par value shares in the Company up to a total of 10,000,000 shares (€10.0 million), as detailed in the terms and conditions for convertible bonds ("Bond conditions"; Conditional capital 2021). The convertible bonds may pay a variable rate of interest, in which case, as with a participating bond, the interest may be dependent in full or in part

on the level of the Company's dividend. As at 31 December 2022, no use had been made of this authorisation.

A change-of-control arrangement has been agreed with two employees. Under this arrangement, if and insofar as the Company informs them that they will no longer be employed in their current positions, these employees will have a special right of termination with a notice period of one month up to the end of the quarter, which will be valid for twelve months from the date the change of control takes effect.

A change of control arises if Deutsche EuroShop AG merges with another company, if a public takeover bid has been made under the German Wertpapiererwerbs- und Übernahmegesetz (WpÜG – Securities Acquisition and Takeover Act) and has been accepted by a majority of shareholders, if the Company is integrated into a new group of companies or if the Company goes private and is delisted.

In the event of such termination of the employment relationship, these employees will receive a one-time payment amounting to three months' gross salary multiplied by the number of years that they have worked for the Company, but limited to a maximum of 24 months' gross salary.

The Deutsche EuroShop Group does not currently have any other compensation agreements with members of the Executive Board or other employees for the event of a change of control.

The material provisions governing Deutsche EuroShop AG, which include a change of control clause, primarily relate to bilateral credit facilities and various loan agreements. In the event of a takeover, the relevant lenders are entitled to terminate the facility and where applicable demand immediate repayment. A takeover is defined as a third party taking control of Deutsche EuroShop AG; the takeover may also be made by a group acting jointly.

Hamburg, July 2023

The Executive Board