Annual report 2022

REWE International Finance B.V.

Venlo, the Netherlands

Contents

List of Company abbreviations

Eurelec	EURELEC Trading SCRL, Bruxelles (Belgium)
KGaA	REWE Deutscher Supermarkt AG & Co. KGaA, Cologne (Germany)
pay.cetera	pay.cetera B.V., Venlo (The Netherlands)
RIF	REWE International Finance B.V., Venlo (The Netherlands)
RM	REWE Markt GmbH, Cologne (Germany)
RZAG	REWE-Zentral Aktiengesellschaft, Cologne (Germany)
RZF	REWE-ZENTRALFINANZ eG, Cologne (Germany)

Management Report

General information

REWE International Finance B.V., Venlo (hereafter also referred to as „the Company"or "RIF"), together with its subsidiary "the RIF Group", is the financing company and in-house bank of REWE Group.

As at 31 December 2022, the RIF Group comprises 1 (previous year: 0) subsidiary named pay.cetera B.V. in addition to the parent company RIF.

RIF is primarily engaged in securing the financing and liquidity of the REWE Group companies by granting loans, accepting deposits with varying maturities and in various currencies from the subsidiaries and operating the RIF Group's central cash pool. In this respect, the in-house bank offers financial products for borrowing and investment of funds. It acts as a coordinating body for the group companies through which they can centrally cover their liquidity requirements or invest excess liquidity with interest. Furthermore, the Company offers financial services including:

- Execution of currency and interest rate hedging transactions for the REWE Group companies
- Operation of a payment factory and processing of payment transactions for the Group partly via own (central) accounts (on behalf of) as well as via decentralized accounts with the respective Group companies (Approval)
- Financial advisory services

Since 1 October 2005 the Company has a special financial institution status pursuant to the Dutch banking supervisory law. The status was confirmed on 10 December 2013.

On 16 February 2022 a 100 per cent subsidiary of RIF, pay.cetera B.V., was established. This Company will apply for a Licence as payment provider and e-money institute in order to be able to expand the range of services within and outside the REWE Group.

No research and development activities are performed in the RIF Group.

Macro-economic development

Growth in the global economy, which in 2022 was faced with a series of challenges, amounted to a total of 3.4 per cent. The war which broke out in Ukraine in February 2022 coupled with the sanctions imposed on Russia by the West led to a further massive increase in energy prices – as a result of which Europe in particular, where many countries were heavily dependent on Russian gas supplies, found itself grappling with an energy crisis. In addition, intense heat waves and droughts in Europe and Central and South Asia have driven up food prices. As a result of both these developments, consumer price inflation in many countries has risen to a ten-year high, leading in turn to a rapid tightening of monetary policy. In the majority of countries, the effects of the coronavirus pandemic were significantly weakened, however economic activities in China in particularly were impaired by continuing waves of infection. In the latter country, the economy continued to be strongly influenced by its coronavirus policy: For large parts of the year China pursued a Zero Covid strategy, with the resulting lockdowns leading among other things to the closure of ports and the attendant container logjams. At the beginning of December, however, the restrictions were lifted in full, leading to a sharp rise in coronavirus infections. In addition, the crisis in the property market continued to put a brake on economic development.

At the start of the year 2022, the economy in the Eurozone experienced strong growth – driven by buoyant real net output, especially in service sectors such as hospitality and other services, which had previously been particularly affected by pandemic-related restrictions. As infection control measures were lifted and opportunities for consumption emerged once more, consumer spending initially rose markedly, even though real incomes declined due to high inflation. As a consequence of rising energy prices, which were further boosted by the war in Ukraine, as well as the marked increase in food prices, inflation climbed steeply to 8.3 per cent, reaching a new high since the establishment of monetary union. In total, the Eurozone achieved economic growth of 3.5 per cent.

The Netherlands economy was hit by the crisis on the gas markets, and achieved growth of 4.5 per cent in 2022. As a consequence of the reduction in gas supplies from Russia in connection with the war in Ukraine, energy prices which had already been rising since 2021 underwent a further massive increase. The higher energy prices in turn led to an increase in the upward pressure on prices which had already commenced during the coronavirus pandemic due to the disruption of international supply chains and the consequent increase in prices for raw materials and intermediate products. Besides the increase in energy costs, the sharp rise in food prices was also a cause of intra-year consumer price inflation which in some cases reached double digits. Due to the sharp rise in consumer prices which outstripped the increase in wages, as the year progressed consumers displayed a reluctance to spend which impacted in particular on consumer-related sectors of the economy. In view of the high level of inflation, tax reliefs and other easements were adopted to support private households and businesses.

Overview of activities during the year

The balance sheet total increased from 5.949.572 thousand euros at 31 December 2021 to 6.729.483 thousand euros at 31 December 2022. The net interest income for the year amounted to 68.161 thousand euros (previous year 36.649 thousand euros).

At year-end 2022 the RIF Group had cash and cash equivalents amounting to 19.534 thousand euros (previous year 14.754 thousand euros).

The RIF Group has further continued to hedge all of its foreign currency transactions.

Adoption of the financial statements

The financial statements of the Company for the year ended 31 December 2021 were considered and adopted by the shareholders at the Annual General Meeting on 11 May 2022, whereby the directors and the Supervisory Board members of the Company were discharged from any further responsibility for their management of the Company for that year.

Result of the year

During the year 2022, the RIF Group recorded a profit of 6.774 thousand euros (for the year 2021 a profit of 4.227 thousand euros). The financial result for the year 2022 is 11.126 thousand euros (2021 9.549 thousand euros). The financial result contains net interest income, result from derivatives and other financial result such as foreign currency result.

Financial position of the RIF Group

The net equity of the RIF Group increased with 44.571 thousand euros from 93.671 thousand euros as per 31 December 2021 to 138.242 thousand euros as per 31 December 2022. No dividend was paid in 2022.

As the RIF Group applied Cash Flow Hedge Accounting, the net equity is impacted by 37.797 thousand euros.

Legal structure

The Company was a subsidiary of REWE Deutscher Supermarkt AG und Co. KGaA, Cologne (Germany), holding 66,6 per cent of the interests and voting rights in the Company until 31 October 2022. The remaining 33,4 per cent were held by REWE Zentral-Aktiengesellschaft, Cologne (Germany). From 1 November 2022 on REWE Deutscher Supermarkt AG & Co. KGaA, Cologne (Germany), is the sole shareholder of the Company. As part of a project within REWE Group with the aim of simplifying corporate law structures within the central companies REWE Zentral-Aktiengesellschaft exchanged its shares in RIF and REWE Markt GmbH for shares in REWE Deutscher Supermarkt AG & Co. KGaA.

.REWE Deutscher Supermarkt AG & Co. KGaA, Cologne (Germany) in turn is a subsidiary of REWE ZENTRALFINANZ eG, Cologne (Germany).

All Companies belong to the REWE Group.

The Company consists of four decision-making bodies, the Management Board, the Supervisory Board, the Audit Committee as part of the Supervisory Board and the Board of Shareholders.
The Management Board periodically (monthly or event-related) reports to Supervisory Board. This report contains financial matters as well as the status of strategic projects.
At least two Supervisory Board meetings and one Shareholders' meeting are held annually.

The structure regime is not applicable due to the number of employees of the RIF Group companies (see below).

Management and Personnel

On an annual basis, the RIF Group had an average of 12,0 employees in 2022 (2021: average of 11,0 employees). The management board of the Company consists of six managing directors.

The RIF Group aims long-term commitments from its employees and offers them a motivating work environment. This includes fair work conditions, attractive social benefits and offers that are adapted to the different phases of the employee's life.

Risk Management

The RIF Group is exposed to a wide range of risks in the course of the international business activities. Risks are uncertain external and internal influencing factors that can impair the potential for success (assets, success and liquidity) and/or the RIF Group's reputation, thus preventing or threatening to prevent the realisation of planned goals or negatively influence the further development of the business.

With the use of a REWE-Group-wide and uniform risk management system this risk potential is countered and the potential opportunities are sustainably secured. Risk management is understood as a continuous process, which is firmly integrated into the RIF Group's operational procedures as a regular process.

All risks in the RIF Group are subject to a management obligation and are limited as far as possible by operational measures in terms of their impact on damage and probability of occurrence. The scope of the associated need for action and the time for initiating corresponding measures are based on the urgency (possible probability of occurrence) and the threat potential (possible damage potential, determined from the monetary, reputational and legal impact) of the risk.

Financial Risk Management

The RIF Group makes use of various financial instruments to limit the RIF Group's exposure to the currency and interest risk.

The Management board of the Company manages the interest and currency risk profile of the Company and its affiliate and ensures that it remains within the guidelines as adopted by the REWE Group Management Board. The Management Board of the Company specifies in writing the principles of the cross-functional risk management and the Guidelines for specific areas, such as handling foreign exchange risks, interest rate and credit risks, the use of derivative and non-derivative financial instruments and the investment of excess liquidity.

The risk management of the RIF Group focuses on the unpredictability of developments in financial markets and aims to minimise potential negative impacts on the Group's financial position. To this effect, the RIF Group uses derivative financial instruments to hedge against specific financial risks.

Default Risks

Credit and default risks from financial assets arise from the potential failure of a counterparty to fulfil its obligations in whole or in part, thereby causing financial losses to the other party.

Potential default risks exist in relation to loan receivables, term deposits and derivative financial instruments.

The Company generally applies the requirements of the multi-step impairment model under IFRS 9 to financial assets measured at amortised cost but uses an adapted model due to the guarantee structure (described below). The measurement of such financial receivables is based on a loss allowance at an amount equal to the 12-month expected credit loss.

If the credit risk has increased significantly since initial recognition, a loss allowance at an amount equal to the lifetime expected credit loss will be recognized.

A guarantee exists on the part of RZF, RZAG, KGaA, and RM with regard to the loan receivables of RIF vis-à-vis the companies of the REWE Group. According to this guarantee agreement, the guarantors of RIF compensate any loss due to default with regard to the lower of 1 per cent of the total amount of the such loan receivables or above the basic amount of 30,0 million euros.

Foreign Exchange Risk

The RIF Group operates in a large number of NON-EURO-countries and is therefore exposed to potential foreign exchange risks. Foreign exchange risks, i.e. potential volatility of a financial instrument which are due to exchange rate fluctuations, are particularly acute when assets and liabilities exist or will be routinely generated in a currency other than the RIF Group's functional currency. Foreign currency derivatives are used to hedge these against foreign exchange risks. For transactions that involve derivative financial instruments, the RIF Group's contractual partners are top-rated banks or REWE affiliates. Only when correct accounting recognition and valuation in the REWE Group's treasury systems is assured the RIF Group is allowed to use these derivative financial instruments to hedge against foreign exchange risks.

In accordance with the Financial Guidelines of the REWE Group, receivables and liabilities of the RIF Group in foreign currencies must be fully hedged using derivatives. Fluctuations of the exchange rates as of the balance sheet date would therefore have no significant effect on the income of the RIF Group. For the year 2022 the RIF Group fully hedged it receivables and liabilities in foreign currencies.

Interest Rate Risks

Interest rate risks principally arise from changes in market interest rates for interest-bearing assets and liabilities. All assets and liabilities with variable interest rates or short-term fixed interest rates expose the RIF Group to cash flow risks. Fixed interest assets and liabilities with an extended fixed interest period result in a fair value interest rate risk.

The actual exposure to fair value interest rate risk of loan receivables based on fixed interest rate contracts amounted to 1.068 million euros (2021: 1.083 million euros), the actual exposure to fair value interest rate risk of loan payables based on fixed interest rate contracts amounted to 1.163 million euros (2021: 1.192 million euros).

The total interest rate profile of the RIF Groups interest bearing financial instruments is as follows:

in thousand euros	31.12.2022	31.12.2021
Fixed-rate instruments	**Carrying amount**	**Carrying amount**
Financial assets	1.068.000	1.083.000
Financial liabilities	-1.163.000	-1.192.000
total	**-95.000**	**-109.000**
Variable rate instruments	**Carrying amount**	**Carrying amount**
Financial assets	5.561.092	4.821.751
Financial liabilities	-5.362.466	-4.617.450
total	**198.626**	**204.301**

The RIF Group dynamically analyses its interest rate exposition. To this end, various scenarios are simulated, comprising, for example, re-financing, the renewal of existing positions, alternative financing options and hedging. Based on these scenarios, the impact of a stipulated interest rate fluctuation on the profit or loss is then analysed.
The essential assumption for each simulation is a consistent interest rate fluctuation for all currencies. However, only those liabilities with a high interest rate are considered.

In February 2018, RIF entered into four interest rate swaps with different external banks to hedge variable interest payments on different tranches of a promissory note loan.

Maturity date	Nominal volume in Mio. €	Fixed interest rate in per cent
28 February 2025	35,0	0,878
28 February 2025	35,0	0,897
28 February 2025	45,5	0,873
28 February 2028	31,0	1,225

These interest rate swap agreements are accounted for as cash flow hedges. As the main contractual conditions (critical terms) of the underlying transaction and hedging instruments, such as the term and the nominal volume, match, no ineffectiveness is recognised.

In March 2022, the RIF Group concluded two forward starting interest rate swaps with different external banks to hedge variable interest payments on a highly probable refinancing of a promissory note bond expiring on 20 December 2022 with a total volume of 82.0 million euros.

Maturity date	Nominal volume in Mio. €	Fixed interest rate in per cent
20 December 2029	41,0	1,169
20 December 2029	41,0	1,321

In April and May 2022, the RIF Group entered into six forward starting interest rate swaps with various external banks to hedge variable interest payments on a highly probable refinancing of a promissory note bond expiring on 28 February 2023 with a total volume of 298.5 million euros.

Maturity date	Nominal volume in Mio. €	Fixed interest rate in per cent
28 February 2030	50,0	1,472
28 February 2030	50,0	1,653
28 February 2030	50,0	1,672
28 February 2030	50,0	1,870
28 February 2030	50,0	1,640
28 February 2030	48,5	1,947

The interest rate swap agreements concluded in 2022 are also accounted for as cash flow hedges. The main contractual conditions (critical terms) of the underlying transaction and hedging instruments, such as the term and the nominal volume, are almost identical. In the 2022 financial year, ineffectiveness resulted in the amount of 555 thousand euros.

An additional interest rate risk arises from original variable interest financial instruments. An increase in the interest rate level by 100 basis points would have resulted in an increase of 1.954 thousand euros (previous year: increase of 1.955 thousand euros) in the interest result and shareholders' equity. A decrease in the interest rate level by 100 basis points would have resulted in a decrease 1.954 thousand euros (previous year: decrease of 1.955 thousand euros) in the interest result and shareholders' equity.

<u>Liquidity Risks</u>

Liquidity management ensures that the RIF Group has enough liquidity at any time, in the form of sufficient unutilised credit lines. As a result, no liquidity risks should occur even if unexpected events have a negative financial impact on the liquidity situation.

Loans are classified as financial instruments.

The RIF Group has the following borrowed funds at its disposal:

in thousand euros	31.12.2022	31.12.2021	End of loan period
Syndicated loan 2018*	2.500.000	2.000.000	3 December 2025
Syndicated loan 2021*	0	750.000	30 September 2023
Promissory note Bond 2018**	938.000	938.000	28 February 2023 until 28 February 2028
Promissory note Bond 2019***	153.500	235.500	20 December 2024 until 20 December 2029
Promissory note Bond 2014**	175.000	175.000	2 September 2024
US-Private-Placement*	30.000	30.000	15 August 2027
total	**3.796.500**	**4.128.500**	

* guaranteed by RZF
** guaranteed by RZF, RZAG KGaA and RM
*** guaranteed by RZF and KGaA

The loan withdrawn at year end is as follows:

in thousand euros	31.12.2022	31.12.2021	End of loan period
Syndicated loan 2018*	985.500	297.600	3 December 2025
Syndicated loan 2021*	0	0	30 September 2023
Promissory note Bond 2018**	938.000	938.000	28 February 2023 until 28 February 2028
Promissory note Bond 2019***	153.500	235.500	20 December 2024 until 20 December 2029
Promissory note Bond 2014**	175.000	175.000	2 September 2024
US-Private-Placement*	30.000	30.000	15 August 2027
total	**2.282.000**	**1.676.100**	

The RIF Group has a syndicated loan of 2.5 billion euros, which includes credit lines of 540,000 thousand euros as at the balance sheet date. The syndicated loan (excluding the included credit lines) was drawn down in the amount of 700,000 thousand euros as at the current balance sheet date (previous year's balance sheet date: zero euros). The credit lines were utilised in the amount of 285,500 thousand euros (previous year: 297,600 thousand euros) as at the balance sheet date. The syndicated loan of 750,000 thousand euros existing as at 31 December 2021 was terminated prematurely in October 2022. In the reporting period, early repayment totalling 82,000 thousand euros was made for the promissory note loan of 235,500 thousand euros. The internal financial equalisation (cash pooling) achieves a reduction in the debt financing volume as well as an optimisation of cash and capital investments. Cash pooling makes it possible to use the liquidity surpluses of individual companies in the RIF Group for internal financing.

Fraud risks

Due to its business the RIF Group is exposed to fraud risks. The RIF Group minimizes its risks through process automatization, limitation of access rights and strict separation of access rights between its different departments such as front office, back office and Treasury Controlling, Cologne. The employees of the RIF Group are experienced specialists and receive trainings on a regular base.

Uncertainties to future amendments to law and regulations

The RIF Group provides financing in a large number of countries and is therefore exposed to potential amendments to law and regulations. The RIF Group performs an exchange of ideas and information with various international law firms and tax advisory firms on a regular basis. Before starting new activities the RIF Group does a comprehensive analysis concerning the relevant laws and regulations.

Code of conduct

The RIF Group companies adopt the General Code of Conduct of the REWE Group. This Code of Conduct is mandatory for all employees of the REWE Group and can be found on the REWE Group intranet page “HORUS” (House of Rules).

Diversity policy board of management and supervisory board

At the end of 2021, a law was passed to amend Book 2 of the Dutch Civil Code in connection with better balancing the ratio of men to women on the Management board and the Supervisory board of large NVs and large BVs. This law entered into force on 1 January 2022.

The law contains measures to promote diversity at the top of the business community, in which the law has provisions for large NVs and large BVs and, in addition to this, specific provisions for companies with listed (certificates of) shares. For example, large NVs and large BVs shall set appropriate and ambitious goals in the form of a target to make the ratio between the number of men and women in the Management board and the Supervisory board, as well as in categories of employees in managerial positions to be designated by the company, more balanced. The Company must annually draw up an internal plan to achieve the set targets.

The Company drew up an internal plan to archive the set targets of the new law. As a matter of course the Company takes care of the advancement of women in business and the continuous development of anterior employees. The Management Board and Supervisory Board Members do its utmost to identify and nominate a female candidate on the Company’s Management Board as well as on the Supervisory Board. Currently, no female candidate is nominated on the Company’s Management Board or Supervisory Board.

Events after balance sheet date

There were no significant events after the end of the reporting year by the time these financial statements were released for publication.

Future developments

The global economy is expected to grow by 2.9 percent. This development reflects the effects of measures to counter inflation as well as of the war in Ukraine. The decline in growth in 2023 relative to 2022 is attributable to the development in the advanced economies (forecast growth 1.2 per cent). For the newly industrialised and developing countries, it is anticipated that the rate of growth reached a low point in 2002. It is likely that in 2023 the strict fiscal policy interventions implemented worldwide will cause demand to weaken somewhat and thereby lead to an easing in raw material prices, which in turn should impact positively on the development in inflation. As a result of falling prices for energy and other raw materials as well as the effects of monetary policy measures taken by the IMF, worldwide inflation for the forecast period is estimated to come in at 6.6 per cent (2022 average: 8.8 per cent), and in the majority of national economies even in 2024 will remain above pre-pandemic levels.

It is expected that in the coming months, the consequences of the war in Ukraine will continue to influence economic development in the Eurozone. The continuing bottlenecks in the supply of energy, raw materials and intermediate products will continue to hamper production. High levels of inflation – despite substantial fiscal policy support – will put a brake on household consumption, which will be further depressed by rising interest rates. However, the expected increase in public-sector investments and an anticipated downward trend in inflation are likely to exert a positive effect on growth in real incomes and economic output in the course of the year. Given that the support measures taken during the energy crisis will gradually expire despite sustained high energy prices, and that the impact of real interest rates on economic activity is likely to increase, however, the upturn in economic growth will be a modest 0.7 per cent.

The economy in the Netherlands in 2023 will be virtually stagnant with growth of 0.3 per cent. The causes include both the upward pressure on prices expected during the winter months which will put further pressure on available incomes and lead to a fall in private household demand, as well as high construction prices and rising interest rates, both of which will impact negatively on the construction sector. Manufacturing industry, on the other hand, is likely to see an initially moderate increase in production due to the high levels of orders on hand, with a return to stronger expansion as supply bottlenecks are worked through in the course of the year, thereby contributing to a more positive development alongside private households, for whom real pay increases are expected in the second half of the year. Following on from inflation of 10.0 per cent in the year 2022, in 2023 the rate is expected to decline to 8.0 per cent as consumer prices for goods and services excluding energy initially continue to rise.

The management expects a moderate increase in the RIF Group's pre-tax result for 2023 due to the development of interest rates and expansion of the business. With the receipt of the e-money licence of pay.cetera B.V., there will be opportunities to open up new fields of activity.

The RIF Group has sufficient credit lines to ensure payment security in the forecast period.

Venlo, 12 June 2023

Management Board of RIF:	Supervisory Board of RIF:
H. Schäfer	Dr. K. Wirbel
T. Clemens	T. Schischmanow
R. Ton	M. Tonn
H. Walboomers	B. Schnabel
P. Steeghs	N. Klüssendorf
C. Stolz	C. Matschke
	M. Czoske

Consolidated Financial Statements

REWE International Finance B.V., Venlo

Consolidated statement of profit and loss and other comprehensive Income
for the year from 1 January to 31 December 2022

in Thousand Euros	Notes No.	2022	2021
Interest income	8	122.468	68.625
Interest expenses	8	-54.307	-31.976
Net result from interest		68.161	36.649
Result from derivative financial instruments		-38.990	-5.083
Other financial loss	9	-18.046	-22.017
Net financial results		11.125	9.549
Other administrative income	10	92	13
Personnel expenses	11	-1.127	-963
Depreciation, Amortisation and Impairments	12	-65	-67
Other adminstrative expenses	13	-4.318	-2.374
Administrative result		-5.418	-3.391
Profit before taxes on income		5.708	6.158
Taxes on income	14	1.066	-1.931
Profit for the year		**6.774**	**4.227**
Profit attributable to:			
-Owner		6.774	2.815
-Non-controlling interest		0	1.412
Profit for the year		**6.774**	**4.227**
Gains and losses from cash flow hedges		51.132	4.492
thereof to be reclassified to the income statement at a later date		51.132	4.492
Deferred taxes on aforementioned gains or losses reported under other comprehensive income		-13.335	-1.079
thereof to be reclassified to the income statement at a later date		-13.335	-1.079
Other comprehensive income		**37.797**	**3.413**
Profit attributable to:			
-Owner		37.797	2.287
-Non-controlling interest		0	1.126

The notes on pages 26 to 78 are an integral part of these consolidated financial statements.

Consolidated statement of financial position as at 31 December 2022

Before proposed profit appropriation

in Thousand Euros	Notes No.	31 December 2022	31 December 2021
Property, plant and equipment	15	274	195
Long-term Financial assets	16	851.112	1.120.786
Deferred tax assets	17	126	1.428
Non-current assets		**851.512**	**1.122.409**
Short-term Financial assets	16	5.854.049	4.808.420
Current tax receivables	17	856	710
Cash and cash equivalents	18	19.534	14.754
Current assets		**5.874.441**	**4.823.885**
Total assets		**6.725.952**	**5.946.294**

The notes on pages 26 to 78 are an integral part of these consolidated financial statements.

REWE International Finance B.V., Venlo

Consolidated statement of financial position as at 31 December 2022

Before proposed profit appropriation

in Thousand Euros	Notes No.	31 December 2022	31 December 2021
Share capital	19	2.000	2.000
Retained earnings	19	95.770	91.542
Result for the year	19	6.774	4.227
Reserve for cash flow hedges	19	45.609	-5.523
Deffered tax reserve	19	-11.910	1.425
Shareholders' equity		**138.242**	**93.671**
Long-term Employee benefits	20	32	35
Long-term Other provisions		12	12
Long-term Financial liabilities	21	1.075.594	1.352.273
Deferred tax liabilities	23	12.238	340
Non-current liabilities		**1.087.876**	**1.352.660**
Short-term Employee benefits	20	125	116
Short-term Financial liabilities	21	5.490.002	4.490.624
Trade payables	22	9.104	8.588
Other liabilities	24	603	634
Current liabilities		**5.499.833**	**4.499.964**
Total equity and liabilities		**6.725.952**	**5.946.294**

The notes on pages 26 to 78 are an integral part of these consolidated financial statements.

REWE International Finance B.V., Venlo

Consolidated Cash Flow Statement for the year from 1 January to 31 December 2022

in Thousand euros	Notes No.	2022	2021
Profit for the year		6.774	4.227
Adjustments for non-cash items		**-12.192**	**-7.618**
Financial Profit		-11.126	-9.549
Income taxes	13	-1.066	1.931
Changes in operating assets and liabilities			
(Decrease)/increase in provisions		-33	56
Increase in receivables		-722.926	-948.069
Decrease in liabilities		165.548	673.484
Income tax received/(paid) (net)		509	-1.997
Interest received		112.543	67.484
Interest paid		-43.953	-29.713
Cash inflow from currency derivatives		35.880.913	29.773.434
Cash outflow from currency derivatives		-35.913.702	-29.778.318
Repayments of loans granted to related parties		2.236.443	1.290.489
Additions to loans granted to related parties		-2.230.325	-1.239.866
Cash used for operating activities		**-520.401**	**-196.407**
Cash Flow for Investing Activities		**-143**	**-19**
Change in financing assets and liabilities			
Cash inflow from passing on of loan fees		2.727	3.774
Cash outflow from loan fees and guarantee commissions		-3.708	-4.837
Cash outflow from loan origination fees		-1.112	-1.050
Cash inflow from taking out of financial loans		14.259.892	10.053.546
Cash outflow from repayment of financial loans		-13.732.502	-10.045.622
Currency translation differences		27	-581
Cash provided from financing activities		**525.324**	**5.230**
Change in cash and cash equivalents		**4.780**	**-191.196**
Cash and cash equivalents at the beginning of year		**14.754**	**205.950**
Cash and cash equivalents at the end of year		**19.534**	**14.754**

The notes on pages 26 to 78 are an integral part of these consolidated financial statements.

REWE International Finance B.V., Venlo

Consolidated Statement of Changes in Equity for the year from 1 January to 31 December 2022

Before proposed profit appropriation

in Thousand Euros	Share Capital	Retained Earnings	Result for the year	Other reserves: Reserve for cash flow hedges	Other reserves: Deferred tax reserve	Total
As of 1 January 2021	2.000	85.222	6.320	-10.015	2.504	86.031
Distribution of profit 2020	0	6.320	-6.320	0	0	0
Profit and other comprehensive income for the year	0	0	4.227	4.492	-1.079	7.640
Closing Balance as of 31 December 2021	**2.000**	**91.542**	**4.227**	**-5.523**	**1.425**	**93.671**
As of 1 January 2022	2.000	91.542	4.227	-5.523	1.425	93.671
Distribution of profit 2021	0	4.227	-4.227	0	0	0
Profit and other comprehensive income for the year	0	0	6.774	51.132	-13.335	44.571
Closing Balance as of 31 December 2022	**2.000**	**95.769**	**6.774**	**45.609**	**-11.910**	**138.242**

The notes of pages 26 to 78 are integral part of these financial statements.

Notes to the consolidated financial statements for the year ended at 31 December 2022

General Accounting Principles and Methods of the Consolidated Financial Statements

1. Basic Principles

REWE International Finance B.V., Venlo, (hereinafter also referred to as “RIF” or “the Company”) is a “besloten vennootschap met beperkte aansprakelijkheid”, a limited liability company under Dutch law.

The consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred to as the "RIF Group").

The main activities of the RIF Group are related to:

- financing companies and businesses;
- borrowing, lending and pooling funds, including issuance of obligations, bonds and other securities, and the conclusion of relevant agreements;
- trading in currencies, securities and assets in general.

REWE International Finance B.V., Venlo, was established on 31 May 2002 in Rotterdam. The address of the registered office is: Kaldenkerkerweg 2, 5913 AD Venlo. RIF is registered in the Limburg Commercial Register under No. 34174603.

These financial statements cover the year 2022, which ended at the balance sheet date of 31 December 2022 for the reporting period.

Going concern

The consolidated financial statements and the statutory financial statements of the Company have been prepared under the going concern assumption. The actual economic uncertainty caused by the Russian war of aggression against the Ukraine influenced and will still influence the development of the REWE Group, the RIF Group and the Company itself. However, the management board is of the opinion that this does not give rise to uncertainty with respect to the going concern of the Group or the Company and therefore does not consider this as a going concern risk.

The financial information of the Company is included in the consolidated financial statements. For this reason, in accordance with Section 402, Book 2 of the Dutch Civil Code, the separate profit and loss account of the Company exclusively states the share of the result of participating interests after tax and the other income and expenses after tax.

For an appropriate interpretation of these statutory financial statements, the consolidated financial statements of the Company should be read in conjunction with the separate financial statements, as included under pages 76 to 88.

Statement of compliance

The consolidated financial statements of the RIF Group are part of the statutory financial statements of the Company. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and with Section 2:362(9) of the Dutch Civil Code. All accounting standards and interpretations that are binding for financial years starting 1 January 2022 or later have been taken into consideration. The annual financial statements of 31 December 2022 are also prepared in accordance with Book 2, Title 9 of the Dutch Civil Code.

The income statement is presented on the basis of “the nature of the expenses model”. The financial year of the RIF Group corresponds to the calendar year. All figures are reported in thousand Euros (k€) unless stated otherwise. The scaling presentation of the figures is with a point instead of a comma. Roundings may result in differences of ± one unit (k€, per cent, etc.).

These consolidated financial statements of the RIF Group and the separate statutory financial statements of the Company were authorised for issue by the Management Board on 12 June 2023.

2. Adoption and Effects of New and/or Amended Financial Reporting Standards

The following financial reporting standards were adopted for the first time in the 2022 financial year.

Name of the standard, amendment to standard or interpretation	
IFRS 3[1]	Reference to frame concept
IAS 12[1]	Amendment: Deferred tax relating to assets and liabilities arising from a single transaction

Name of the standard, amendment to standard or interpretation	
IAS 16[1]	Amendment: Income before planned use
IAS 37[1]	Amendment: clarification regarding the contract performance costs to be included
Diverse	Annual Improvements to IFRS Standards 2018 - 2020

[1] The standard, amendment to standard or interpretation are not expected to have any impact or only immaterial impact.

Published New and/or Amended Financial Reporting Standards that Have Not Been Adopted in the Financial Year 2022

The following new standards and interpretations as well as amendments to existing standards were published by the IASB, but were not compulsory for adoption in the financial year, unless endorsed by the European Union law. Any options to adopt these financial reporting standards before they come into effect were not used.

Published New and/or Amended Financial Reporting Standards that Have Not Been Adopted in the Financial Year 2022

Obligatory adoption/probably in financial year	Name of the standard, amendment to standard or interpretation		The standard has already been endorsed by the EU.
2023	IAS 1[1]	Amendments: Classification of current or non-current liabilities	No[2]
	IAS 1[1]	Amendments: Disclosure of accounting and valuation methods	Yes
	IAS 8[1]	Amendments: Definition of estimation in accounting	Yes
	IFRS 17[1]	Insurance policy and amendments to IFRS 17	Yes
	IFRS 17[1]	Amendments: First-time adoption of IFRS 17 and IFRS 9 - comparative information	Yes
2024	IFRS 16[1]	Amendment: Lease liabilities in sale and leaseback situations	No[2]

[1] The standard, amendment to standard or interpretation are not expected to have any impact or only immaterial impact.

[2] As the standard, the amendment or the interpretation have not yet been endorsed by the EU, a mandatory date of application within the EU has not yet been set. Compared to date of first-time adoption based on the allocation of the financial years provided by the IASB, changes can be expected.

Basis for preparation

3. Consolidation

The consolidated financial statements are prepared in accordance with the consolidation principles and methods described below.

Subsidiaries are entities controlled by RIF (here: RIF as the parent Company of the RIF Group). The RIF Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are included in the consolidated financial statements (full consolidation) from the date on which control is transferred directly or indirectly to RIF. They are deconsolidated at the time when control ends. Subsidiaries classified as held for sale are accounted for in accordance with the rules for non-current assets held for sale, disposal groups and discontinued operations. Acquired subsidiaries are accounted for using the purchase method. The cost of the acquisition is the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of the transaction. Costs associated with the business combination are always treated as expenses, regardless of whether they are directly attributable or not. The consideration transferred in the acquisition and the identifiable assets and liabilities acquired are measured at fair value. Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. The excess of the cost of the acquisition over the fair value of the RIF Group's share of the net assets acquired is recognised as goodwill. If the acquisition cost is less than the fair value of the net assets of the acquired subsidiary, the difference is recognised directly in the income statement under "Other operating income" after a further review of the valuation. Transactions and resulting profits between companies included in the consolidated financial statements are eliminated. Losses are also eliminated, unless the transaction indicates an impairment of the asset transferred.

In the year under review, a total of 2 legal entities (REWE International Finance B.V. and pay.cetera B.V) were included in the consolidated financial statements.

4. Segment information

The RIF Group has two strategic divisions, which are in general its reportable segments. These divisions offer different services, are set up in two different legal entities and are managed separately.

The reportable segment "RIF" contains the operations of the mother company REWE International Finance B.V. This company acts as the InhouseBank of the REWE Group.

The financing activities consist of the following:

i. Financing group companies;

ii. In-house bank and cash pooling;

iii. Group fund management.

The reportable segment "pay.cetera" contains the future operations of pay.cetera B.V. This Company applied for a license as payment provider and e-money institute in April 2022. Upon receipt of the license (expected in Q2.2023) the Company will offer different services within and outside the REWE Group. The segment "pay.cetera" is not seen as a reportable segment in year 2022.

Information related to the segment "RIF" is set out below.

in Thousand Euros	2022	2021
Interest income by geography		
Germany	67.458	46.244
Romania	29.510	11.794
Czech Republic	11.937	3.129
Hungary	11.540	2.254
Other	2.022	5.205
Total	**122.468**	**68.625**

	2022	2021
Interest expense by geography		
Germany	42.769	28.832
Czech Republic	2.816	835
The Netherlands	2.436	1.099
Austria	1.951	589
Other	4.334	612
Total	**54.307**	**31.967**

	2022	2021
financial assets by geography		
Germany	5.782.197	5.035.756
Romania	341.187	333.312
Hungary	195.127	112.449
Czech Republic	184.485	244.644
Slovakia	52.125	47.736
Other	150.041	155.308
Total	**6.705.161**	**5.929.206**

	2022	2021
financial liabilities by geography		
Germany	5.105.708	5.130.670
The Netherlands	789.602	2.004
Austria	260.486	375.283
Switzerland	92.566	77.864
Other	320.766	257.076
Total	**6.569.128**	**5.842.897**

5. Foreign Currency Translation

The financial statements are prepared using euros as the presentation currency. This is also the currency of the primary economic environment of the RIF Group (the functional currency). Foreign currency translation is performed pursuant to IAS 21.

In the individual financial statements of the consolidated companies of the RIF Group Business transactions in foreign currency are translated into the functional currency at the exchange rate of the transaction date. Gains and losses resulting from the fulfilment of such transactions and from the closing rate translation of monetary assets and liabilities reported in foreign currencies are recognised through profit or loss.

The following exchange rates were used to translate the currencies of NON-EURO-countries.

ISO code	Country	Currency	Closing rate per €		Average rate per €	
			31.12.2022	31.12.2021	2022	2021
AED	United Arab Emirates	Dirham	**3,917**	4,162	**3,867**	4,346
AUD	Australia	Dollar	**1,569**	1,559	**1,517**	1,575
BGN	Bulgaria	Lew	**1,956**	1,956	**1,956**	1,956
CAD	Canada	Dollar	**1,444**	1,448	**1,370**	1,483
CHF	Switzerland	Franconia	**0,985**	1,036	**1,005**	1,082
CNY	China	Yuan	**7,358**	7,223	**7,079**	7,635
CZK	Czech republic	Crown	**24,116**	24,917	**24,567**	25,649
DKK	Denmark	Crown	**7,437**	7,437	**7,440**	7,437
GBP	Great Britain	Pound	**0,887**	0,839	**0,853**	0,860
HKD	Hong Kong	Dollar	**8,316**	8,840	**8,247**	9,199
HRK	Croatia	Kuna	**7,537**	7,521	**7,535**	7,529
HUF	Hungary	Forint	**400,870**	370,150	**391,201**	358,418
INR	India	Rupee	**88,171**	84,257	**82,688**	87,470
JPY	Japan	Yen	**140,660**	130,440	**137,998**	129,870
MAD	Morocco	Dirham	**11,158**	10,476	**10,678**	10,629
NOK	Norway	Crown	**10,514**	9,970	**10,102**	10,165
NZD	New Zealand	Dollar	**1,680**	1,655	**1,658**	1,673
PLN	Poland	Zloty	**4,681**	4,596	**4,686**	4,565
QAR	Qatar	Riyal	**3,882**	4,126	**3,833**	4,308
RON	Romania	Leu	**4,950**	4,949	**4,931**	4,921
SEK	Sweden	Crown	**11,122**	10,244	**10,628**	10,145
SGD	Singapore	Dollar	**1,430**	1,533	**1,451**	1,590
THB	Thailand	Baht	**36,835**	37,867	**36,859**	37,833
TND	Tunisia	Dinar	**3,322**	3,265	**3,251**	3,288
USD	USA	Dollar	**1,067**	1,133	**1,053**	1,184
ZAR	South Africa	Edge	**18,099**	18,017	**17,212**	17,472

6. Significant Accounting and Measurement Policies

The financial statements are prepared on the basis of historical acquisition costs, with the exception of financial assets and financial liabilities recognised at fair value through profit or loss (including derivative financial instruments) or at amortised cost.

Property, Plant and Equipment

Property, plant and equipment are recognised at acquisition costs less accumulated depreciation and accumulated impairment expenses. The acquisition and production costs include expenses directly attributable to the acquisition.

Rights of use regarding Property, Plant and Equipment are also recognised in this position. These rights of use are measured at amortised cost that corresponds to the first assessment of the lease liability plus additional costs.

The right of use is depreciated on a straight-line basis from the Commencement Date to the end of the lease term, unless the ownership of the underlying asset is transferred at the end of the lease term to the RIF Group or the costs of the right of use are taken into account that the RIF Group performs a purchase option in which case it is depreciated over the useful life of the underlying asset.

Depreciation is calculated on a straight-line basis over the respective economic useful life. Residual carrying amounts and economic useful lives are reviewed and, where necessary, adjusted at each balance sheet date.

Depreciation is based on the following economic useful lives:

in years	Useful life
Motor vehicles	5
Office furnishings and equipment	3 to 10

Maintenance expenses are capitalised only if the recognition criteria of IAS 16 are fulfilled. Gains and losses from the disposal of assets are determined as the difference between disposal proceeds and carrying amounts. They are recognised in profit or loss.

Impairment of Assets

The impairment described in this section does not apply to recognised inventories, assets from employee benefits, financial assets from the area of application of IAS 9 or deferred taxes.

Impairment of other Assets

In case of indications of impairment of tangible and intangible assets - or a (group of) cash-generating units - a value-impairment test pursuant to IAS 36 (impairment of assets) is carried out. In the event, the recoverable amount is lower than the costs of acquisition or manufacture, an impairment loss is recognized. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Intangible assets with an indefinite useful life are not subject to amortisation, but are tested for impairment at least once a year. Impairments or reversal of impairments are recognized in profit or loss taking the acquisition costs principle into account.

Other Financial Assets

a) Classification

Other Financial assets within the scope of IFRS 9 are assigned to one of the following measurement categories:

- at amortised cost,
- at fair value through profit or loss
- at fair value through other comprehensive income

Financial assets are initially classified as equity or debt instruments in accordance with IAS 32. In the case of a debt instrument, subsequent classification is dependent on:

- the business model for managing the financial asset, and
- the contractual cash flows.

Financial assets (debt instruments) held as part of a business model whose objective is to collect the contractual cash flows, which represent exclusively interest and principal payments on the outstanding principal amount, are assigned to the measurement category at amortised cost. The financial assets of the Company solely contain interest-bearing loans (as main part of the business model) and financial derivatives. The loans are assigned to the measurement category at amortised cost.

Debt instruments that meet the cash flow criteria but are held in a business model that provides for both the recognition of contractual cash flows and the disposal of financial assets are classified at fair value through other comprehensive income. The Company does not hold any financial assets that can be assigned to this category.

Classification as fair value through profit or loss is required in accordance with the classification requirements of IFRS 9 under the following conditions:

- cash flow condition is not fulfilled
- financial asset held for trading
- option to recognize changes in fair value through profit or loss (FVPL option) is exercised taking into account the requirements of IFRS 9
- a financial asset meets the definition of a derivative.

The RIF Group doesn’t use the FVPL option for financial assets excluding derivatives.

Debt instruments are only reclassified if the business model for managing financial assets is changed.

In the case of investments in equity instruments that are not held for trading purposes, IFRS 9 provides for the irrevocable option to recognize the fair value measurement effects directly through other comprehensive income (FVOCI option) upon initial recognition. The valuation effects recognized in other comprehensive income are not reclassified to profit or loss on subsequent disposal of the equity instrument.

b) Recognition and Derecognition

Financial assets bought and sold within the ordinary course of businessare measured at fair value on the trading day. A financial asset is derecognized if the contractual rights to cash inflows from the asset expire or if the financial asset is transferred. An asset is transferred if either the entity has transferred the contractual rights to receive the cash flows, or the entity has retained the contractual rights to receive the cash flows from the asset, bus has assumed a contractual obligation to pass those cash flows to a third party.

Financial assets are classified as current assets if their maturity is within twelve months of the balance sheet date. Otherwise, they are recognized as non-current assets.

c) Measurement

Initially, financial assets and liabilities are measured at fair value including transaction costs directly attributable to the acquisition of the financial asset. In the case of non-derivative financial instruments, the fair value generally corresponds to the transaction price. Transaction costs of financial assets measured at fair value through profit or loss are recognized immediately in profit or loss. If the transaction price differs from the fair value, the difference is recognized in income.

Subsequent measurement of financial assets depends on the measurement category:

Debt instruments

At amortised cost:
Subsequent measurement is made at amortized cost using the effective interest method. Impairment gains or losses are recognized in profit or loss. Gains and losses from derecognition of these assets, including their interest income, are recognized in profit or loss in the period in which they occur.

At fair value through profit or loss:
Gains and losses from changes in fair value, including interest income, are recognized in profit or loss in the period in which they occur.

At fair value through other comprehensive income:
The RIF Group does not hold any financial assets in this measurement category.

d) Impairments

The default risk of debt instruments assigned to the "at amortised cost" category is measured using a three-stage impairment model. The model includes forward-looking inputs and reflects significant increases in credit risk.

When financial assets are recognized for the first time, a loss allowance on loans and advances must be determined on the basis of the expected losses that would result from a default event occurring within twelve months of the balance sheet date and recognized in profit or loss (stage 1). If a financial asset's default risk has increased significantly since initial recognition, the loss allowance must be established in the amount of all expected losses over the remaining life of the instrument (stage 2). Indicators for a significant increase in credit risk include a debtor's substantial financial difficulties, an increased probability that a borrower may enter into insolvency or similar bankruptcy reorganization proceedings. If, in addition to a significant increase in the default risk, there is objective evidence of impairment at the balance sheet date such as a breach of contract as part of a default or a delay in interest and principal payments, the creditworthiness of the financial asset is impaired and the specific valuation allowance is measured on the basis of the present value of the expected loss over the remaining life (stage 3), taking into account this evidence.

The calculation of the expected future impairment is generally based on historical probabilities of default, which are supplemented by future parameters relevant to the credit risk.

The Company applies the requirements of the described multi-step impairment model under IFRS 9 to financial assets measured at amortised cost but uses an adapted model due to the guarantee structure (described below).

The measurement of the financial receivables is based on a loss allowance at an amount equal to the 12-month expected credit loss.

The calculation is based on the formula:

Probability of default (PD) X Exposure X Loss given default (LGD)

The Company determines the PD of its contracting parties on the basis of data provided to it by the external rating agency “Creditreform”.

Basis factor for the determination of the LGD is 0,6. The LGD is further determined on the basis of the guarantee (described below), divided into the secured part and the unsecured part. The LGD of the secured portion is determined taking into account the PD of RZF as the group parent company.

A guarantee exists on the part of RZF, RZAG, KGaA, and RM with regard to the loan receivables of RIF vis-à-vis the companies of the REWE Group. According to this guarantee agreement, the guarantors of RIF compensate any loss due to default with regard to the lower of 1 per cent of the total amount of the such loan receivables or above the basic amount of 30,0 million euros.

Due to the guarantee structure the Company made an impairment of 238 thousand euros at year-end 2022 (221 thousand euros at year-end 2021).

Financial assets are derecognized if repayment cannot be reasonably expected. If financial assets are derecognized, the RIF Group continues to take enforcement measures in order to attempt to collect the due receivables.

There were no significant changes in the impairment approaches and assumptions applied during the financial year.

Other Assets

All other receivables are recognised under other assets. All other assets are recognised at the cost of acquisition and written down to the lower recoverable amount, if there are any indications of impairment.

Cash and Cash Equivalents

Cash includes cash on hand, cheques and bank deposits if available on demand. Cash equivalents are short-term, extremely liquid financial investments with an immaterial exposure to changes in value that can be converted into certain cash amounts at any time or within a period of three months at most. Cash and cash equivalents are measured at nominal value. If cash and cash equivalents are not readily available, this fact is taken into account in the measurement.

Current and Deferred Taxes

Current tax expenses and/or income are calculated on the basis of the taxable income for the year. Taxable income differs from the profit for the period reported in the income statement in that it excludes expenses and income that will become taxable or tax-deductible in subsequent years or will never become taxable or tax-deductible. The RIF Group's liabilities or receivables from current taxes are calculated on the basis of the applicable Dutch tax rates.

Pursuant to IAS 12, deferred taxes are generally recognised for all temporary differences between the tax base and the value applied in the IFRS financial statements that will lead to a future tax charge or credit.

Deferred tax assets are only recognised at the amount at which a taxable profit will probably be realised, against which the temporary difference can be charged.

Anticipated future tax reductions from losses, interest carried forward or tax credits are capitalised if sufficient taxable income is likely to be realised in the future against which the unutilised tax losses carried forward or unutilised tax credits can be netted.

Deferred taxes are measured using the tax rates (and tax laws and regulations) that have been enacted or substantially enacted at the balance sheet date and that are anticipated to apply at the time that the deferred tax receivables can be realised and/or that the deferred tax liabilities are anticipated to be paid.

Deferred tax assets and deferred tax liabilities are netted against each other inasmuch as these income tax assets and liabilities apply to the same tax authority and refer to the same taxable entity.

Tax risks are mitigated through the intensive support and information provided to operational departments by trained tax experts, through the integration of these experts into change projects and contract issues, and by the internal control system (especially the Tax Compliance Management System).

Employee Benefits

RIF Group only defined contribution pension plans.

RIF Group contributes to defined contribution plans based on statutory or contractual obligations or makes voluntary contributions to public or private pension insurance plans. The Company has no other payment obligations extending beyond making the contributions. The contributions are recognised as personnel expenses in the periods when they occur (accrual basis). Prepayment of contributions is recognised as an asset to the extent that there is a right to repayment or a reduction in future contributions.

The provision for anniversary bonuses corresponds to the full actuarial reserve under consideration of a reasonable fluctuation discount and interest rate and was calculated on actuarial principles. The measurement was carried out based on the 2018 G reference tables of Prof. Dr. Klaus Heubeck for the earliest possible retirement age under the German statutory pension scheme.

Holiday provisions are measured at their daily rates and/or average hourly rates including all due social security contributions.

Remuneration of Management Board members is recognised as personnel expenses.

Other Provisions

Other provisions are accounted for when there is a current legal or factual obligation to third parties arising from past events, whose settlement is associated with an outflow of resources with an economic benefit and whose amount can be estimated with sufficient reliability.

The measurement is carried out as the best estimate of the settlement amount. No netting of reimbursements is applied. Should the amount of provisions be influenced by several possible events, the amount is estimated by weighting all potential events with their respective probabilities (calculation of an anticipated value). Long-term provisions are stated at their discounted settlement amount at the balance sheet date.

Other Financial Liabilities

e) Classification

Other financial liabilities within the scope of IFRS 9 are generally assigned to the measurement categories "at amortized cost" due to the characteristics of the liabilities.

This does not apply, for example, to derivative financial liabilities, which are assigned to the "at fair value through profit or loss" category.

Reclassification of financial liabilities is not possible.

f) Recognition and Derecognition

The Company recognizes a financial liability when they become a party to the contract.

A financial liability is derecognized if its underlying obligation is satisfied, terminated or expired. If an existing financial liability is exchanged for another financial liability of the same creditor with substantially different contractual terms, or if the terms of an existing liability are changed significantly, such an exchange or change is treated as a derecognition of the original liability and a recognition of a new liability. The difference between the respective carrying amounts is reported in profit or loss for the period.

Financial liabilities are classified as current liabilities if their maturity is within twelve months of the balance sheet date. Otherwise, they are recognized as non-current liabilities.

g) Measurement

Initially, financial liabilities are measured at fair value including transaction costs directly attributable to the acquisition of the financial liability. Transaction costs of financial liabilities measured at fair value through profit or loss are recognized in profit or loss.

For subsequent measurement, all financial liabilities are generally measured at amortized cost using the effective interest method, with interest expenses measured using the effective interest rate.

The option of voluntary subsequent measurement at fair value through profit or loss is not exercised by the Company (FV option).

The subsequent measurement at amortized costs does not apply to the following financial liabilities:

- derivative financial instruments;

- a contingent consideration recognized by the acquirer in accordance with IFRS 3 and measured at fair value through profit or loss;
- financial guarantee contracts for which the higher of the following two amounts is recognized: either the amount of impairment determined in accordance with IFRS 9 or the original amount less cumulative amortization.

Other Liabilities

Other liabilities are initially recognised at fair value and subsequently recognised at amortised cost.

Leases

With the Commencement Date, the Company assesses whether the contract constitutes or includes a lease. This is the case if the contract includes the right to control the use of an identified asset against payment of a remuneration for a specific period. In order to assess whether a contract includes the right to control an identified asset, the Company uses the definition of a lease pursuant to IFRS 16 as a basis .

The Company recognises the assets for the granted right of use as well as a lease liability. For the first time, the right of use is measured at cost that corresponds to the first assessment of the lease liability, adjusted for payments made on or prior to the Commencement Date, plus any initial direct costs as well as the estimated costs for dismantling or elimination of the underlying asset or for restoration of the underlying assets and/or the site at which it is located minus any lease incentives received.

Subsequently, the right of use is depreciated on a straight-line basis from the Commencement Date to the end of the lease term, unless the ownership of the underlying asset is transferred at the end of the lease term to the Company or the costs of the right of use it are taken into account that the Company performs a purchase option. In this case, the right of use shall be depreciated via the useful life of the underlying asset which is determined pursuant to the stipulations for property, plant and equipment. In addition, the right of use shall be continuously corrected for impairment, if necessary, and be adjusted for specific revaluations of lease liabilities.

For the first time, the lease liability at the present value of the lease payments not yet made at the Commencement Date shall be discounted at the interest rate the lease is based on or, if this cannot be easily determined, at the Company’s marginal borrowing rate. In general, the Company uses its marginal borrowing rate as discount rate.

For measurement of its marginal borrowing rate, the Company obtains interest rates from various external financial sources and makes certain adjustment to take lease terms and the type of asset into account.

The measurement of the lease payments included in the lease liability comprise:

- Fixed payment including de facto fixed payments;
- Variable lease payments which are linked to an index or (interest) rate, measured for the first time pursuant to the index and/or (interest) rate applicable at the Commencement date;
- Amounts which are probably payable due to the residual value guarantee and
- The price for exercising a purchase option, if the Company is sufficiently certain to exercise such, as well as penalty payments for premature termination of the lease, unless the Company is sufficiently certain not to terminate it prematurely.

The lease liability is measured at amortized cost using the effective interest method. It is re-assessed if future lease payments change due to changes of the index or (interest) rate, if the Company adjusts its assessment pursuant to the anticipated payments of the residual value, if the Company changes its assessment on exercising options for purchase, extensions/giving notice of termination or if a de facto fixed lease payment changes.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the rightof-use asset has been reduced to zero.

In the balance sheet the Company records the right of use in property, plant and equipment as well as lease liabilities in other financial liabilities.

Contingent Liabilities and Receivables

A contingent liability is a potential or existing obligation resulting from past events. Whether or not a contingent liability might come into being is determined by whether or not future events occur that are beyond the full control of the company. All other contingent liabilities are reported in the notes to the financial statements, provided that a possible outflow of resources with economic benefits is not unlikely. Contingent receivables are not recognised in the balance sheet but are only explained in the notes.

Accounting for Derivative Financial Instruments and Hedging Relationships

Derivative financial instruments are presented besides non-derivative financial instruments under financial assets and financial liabilities in the annual accounts.

Derivative financial instruments are initially recognized at fair value at the date of contract conclusion and revalued at fair value in subsequent periods.

The effect of changes in the fair value on profit or loss generally depends on whether the derivative was designated as a hedging instrument in a hedging relationship using hedge accounting, and if so, on the hedged item.

The Company designates certain derivatives as hedges of the cash flows of a recognized asset, liability or a highly probable forecast transaction (cash flow hedge).

When the derivatives are designated, the hedging relationship between the hedging instrument and the underlying hedged item as well as the risk management objective and the underlying strategy for undertaking the hedge are documented.

This includes both the concrete assignment of the hedging instruments to the corresponding assets or liabilities or (firmly agreed/expected) future transactions and the assessment of the degree of effectiveness of the hedging instruments used. The effectiveness of the hedging relationship is continually monitored. If the conditions for the application of hedge accounting are no longer met, the hedging relationship is terminated immediately.

The Company uses cash flow hedges to hedge against the risk of cash flow fluctuations that are attributable to a risk related to a recognized asset, a recognized liability or a highly probable forecast transaction, and that could have an effect on profit or loss for the period.

The effective portion of changes in the fair value of derivatives that are designated to hedge the cash flow and represent qualified hedges is recognized in equity.

If a hedging instrument expires, is sold, or the hedge no longer satisfies the requirements pursuant to IFRS 9 for recognition as cash flow hedge, the cumulative gains or losses remain in equity and are recognized directly in profit or loss only once the underlying transaction has occurred. If the forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognized directly in equity must be recognized immediately in profit or loss.

Certain derivative financial instruments, such as forward exchange contracts and currency swaps, are not or only partially designated as hedging transactions using hedge accounting. Any changes in the fair value of undesignated derivatives or interests therein are recognized directly in profit or loss.

If currency derivatives are used to hedge foreign currency loans, the results from the market value change of the stand-alone derivatives are reported in the financial result.

Determination of Fair Value

The fair value of derivatives that are traded on an active market is based on their market price on the balance sheet date.

The fair value of foreign exchange contracts is determined based on the present value of the estimated future cash flows using forward currency exchange rates.

The fair value of interest rate swaps is calculated based on the present value of the estimated future cash flows.

Realised Income and Expenses

Interest income and expenses are reported proportionately to time under consideration of the effective interest method (accrual basis).

In the case of variable-interest loan receivables, the interest rate is generally made up of the EURIBOR, which depends on the term, and a risk margin, which depends on the credit rating of the counterparty. Hedging costs are included in the interest rate in case of loan receivables in foreign currency (other than EURO).

In the case of variable-interest loan liabilities, the interest rate is generally made up of the EURIBOR, which depends on the term, and a margin. Hedging costs are included in the interest rate in case of loan liabilities in foreign currency (other than EURO).

Guarantee fees are calculated using an evaluation of Intragroup loan receivables on a daily basis and contain 80 per cent of the risk cluster margin.

7. Critical Accounting Judgements, Estimates and Judgements of the Board of Management

The preparation of the financial statements pursuant to the IFRS guidelines endorsed by the EU requires assumptions to be made and estimates to be used that have an effect on the measurement and disclosure of recognised assets and liabilities, as well as income and expenses. All estimates and judgements are continuously remeasured and are based on experience and other factors, including anticipated future events that may appear reasonable in the given circumstances. These assumptions mostly relate to the accounting treatment and measurement of derivative financial instruments and provisions. By their very nature, the estimates extrapolated from these factors very rarely correspond to actual subsequent events. Changes are reported through profit or loss at the time of better findings.

Judgement Decisions of the Board of Management in Applying the Accounting and Measurement Policies

Preparing financial statements that comply with the IFRS requires judgement decisions.

- All judgement decisions are continuously re-evaluated and are based on experience and expectations with regard to future events that may appear reasonable under certain given circumstances.

Estimates and Judgements of the Board of Management

The preparation of financial statements that comply with the IFRS requires estimates to be made. Areas where the assumptions and estimates are of crucial importance to the financial statements are outlined below:

- Fair values of derivative financial instruments
- Impairment (including ECL)

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the RIF Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The market values of the derivative financial instruments are as follows:

In Thousand Euros	Fair Value Assets		Fair Value Liabilities	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Currency swaps	29.293	23.829	39.518	27.298
Interest derivatives	46.163	0	0	5.523
Commodity trades	613	626	613	626
Total	**76.069**	24.455	**40.131**	33.447

The Company trades currency derivatives in different currencies with REWE Group companies (Internal currency swaps) and trades them back with external banks (External currency swaps). The Company also trades commodities (Jet fuel) with REWE Group companies (Internal commodity trades) and trades them back with external banks (External commoditiy trades). Furthermore, the Company trades foreign currency derivative deals due to loan intragroup counterparties located in Non-EURO-countries (also External currency swaps).

The market value of the interest rate swaps as per 31 December 2022 is 46.163 thousand euros. The Company applies Cash Flow Hedge accounting in this regard (2021 amounting to -5.523 thousand euros).

Notes to the Income Statement

8. Net Result from interest

The net interest result can be broken down as follows:

in Thousand Euros	2022	2021
Interest income from loans	121.932	66.973
Other interest income	536	1.652
Interest expenses for loans	-51.775	-28.933
Interest expenses for interest swaps	-1.404	-1.384
Other interest expenses	-1.120	-1.650
Leasing interest expenses	-7	-9
Total	**68.161**	**36.649**

The increase in interest income from loans is mainly due to the increase in the relevant base rate. That also leads to an increase in interest expenses for loans.

Furthermore, the Euribor developed into a positive range again as from September 2022.

The increased income and expenses of currency derivatives is mainly due to the interest and currency developments in connection with the Russian war of aggression on Ukraine.

Interest income from financial instruments which are not measured at fair value through profit or loss amounts to 121.932 thousand euros (2021: 66.973 thousand euros), whilst the corresponding interest expenses amount to 53.179 thousand euros (2021: 30.317 thousand euros.

The other interest income and other interest expenses are explainable with cash pool activities within the REWE Group.

9. Result from Derivative Financial Instruments

The result from derivative financial instruments can be broken down as follows:

in Thousand Euros	2022	2021
Income from currency derivatives	185.263	101.951
Expenses for currency derivatives	-224.252	-107.033
Total	**-38.990**	**-5.083**

The risen result of the currency derivatives is mainly due to the interest and currency developments in connection with the Russian war of aggression on Ukraine.

10. Other Financial Loss

The other financial loss can be broken down as follows:

in Thousand Euros	2022	2021
Exchange rate gains from financing activities	44.989	27.410
Income from the passing on of loan fees	4.511	8.230
Exchange rate losses from financing activities	-46.284	-34.334
Expenses for loan fees	-4.707	-7.169
Expenses for guarantee commissions	-16.555	-16.154
Total	**-18.046**	**-22.017**

Expenses for guarantee commissions mainly relate to a guarantee on the part of RZF, RZAG, KGaA and RM with regard to the loan receivables of the Company vis-à-vis the companies of the REWE Group (please see further information under section “Financial Risk management”.

11. Other Administrative Income

in Thousand Euros	2022	2021
Income asset sales property	13	0
Other miscellaneous administrative income	79	13
Total	**92**	**13**

12. Personnel Expenses

Personnel expenses can be broken down as follows:

in Thousand Euros	2022	2021
Wages and salaries	1.014	874
Social security contributions and expenditures for support	112	89
Total	**1.126**	**963**

During the 2022 financial year, the average number of staff employed by the Company, converted into full-time equivalents, amounted to 12 people (2021: 11 people)

All employees work in the Netherlands.

In the reporting year, expenses for defined contribution plans amounted to 59 thousand euros (2021: 51 thousand euros).

13. Depreciation, Amortisation and Impairments

In the reporting year, depreciation on property, plant and equipment amounts to 65 thousand euros (2021: 67 thousand euros). The acquisition costs for different company cars were completely depreciated in 2021.

14. Other Administrative Expenses

Other administrative expenses can be broken down as follows:

in Thousand Euros	2022	2021
Expenses for EMI-License and ISO certification	1.506	115
Legal costs	641	601
IHC Services	546	538
Expenses for services provided by REWE Group companies	543	406
Financial and monetary transaction costs	196	184
Expenses for audit of financial statements	124	115
IT costs	290	112
Expenses for tax consultancy	147	94
Insurances	39	56
Expenses for company cars	54	34
Occupancy costs	15	21
Other taxes	56	10
Other miscellaneous administrative expenses	162	87
Total	**4.318**	**2.374**

The strong increase of expenses for the EMI license and the ISO 27001 Certification is due to increased IT costs. Since 2022, certain IT costs incurred in connection with the EMI-License have been charged to the Company. In former years these costs were charged to RZF.

The increase of legal costs is also mainly driven by legal advises for the application of the e-money license with De Nederlandse Bank.

Expenses for IHC services mainly contain service fees and licence costs provided by REWE Digital GmbH, Cologne (Germany) (before REWE Systems GmbH, Cologne) for the In-House Cash-project.

The expenses for services provided by REWE Group companies have increased due to an allocation amendment of management fees within the REWE Group.

15. Taxes on Income

Income tax expenses including deferred taxes can be broken down as follows:

in Thousand Euros	2022	2021
Current tax expenses		
thereof taxes on income for the reporting year	-1.613	-1.577
Current tax expense/ income for previous years	2.544	-402
Deferred tax income	135	48
Total	**1.066**	**-1.931**

The taxes on income for the reporting year essentially includes the advance payment for the year 2022. The current tax income for previous years relates to the years 2016 and 2017.

Based on the profit before taxes and the calculatory income tax, the reconciliation to actual income tax expenses is as follows:

in Thousand Euros	2022	2021
Income before income tax	5.708	6.158
Anticipated tax rate:	25,80%	25,00%
Anticipated tax expense	-1.473	-1.540
Effects of different tax rates	59	37
Effects of tax for previous years	2.544	-402
Effects remuneration USPP	-58	-58
Other effects	-6	32
Total tax expenses	**1.066**	**-1.931**

The applicable tax rate in the Netherlands for the financial statements is 25,8% (2021: 25%), while the effective tax rate is 18,68%. (2021 31,35%) Effect of changes in tax rates is caused by the fact that over the first 395 thousand euros profit (2021: EUR 245), the tax rate is 15% (2021: 16,5%) and over the profit more than 395 thousand euros, the tax rate is 25.8%.

Notes to the Balance Sheet

16. Property, Plant and Equipment

Property, plant and equipment developed as follows during the financial year 2022:

In Thousand Euros	Plant and Equipment
Cost of Acquisition	
As of 1 January 2021	479
Additions	19
Disposals	0
As of 31 December 2021	498
As of 1 January 2022	498
Additions	143
Disposals	-47
As of 31 December 2022	594
Accumulated Depreciation	
As of 1 January 2021	236
Additions	67
Disposals	0
As of 31 December 2021	303
As of 1 January 2022	303
Additions	65
Disposals	-48
As of 31 December 2022	320
Carrying amount on 31 December 2021	195
Carrying amount on 31 December 2022	274

Depreciation of the Right of use for housing amounted to 34 thousand euros (previous year: 34 thousand euros).

The Company carries out its business activities in leased premises.

The lease concluded for the Venlo premises in connection with the relocation of the Company was qualified as an operating lease. The agreement formerly had a term of five years, starting 17 April 2011 and ending on 30 April 2016. It will end on 16 April 2026, if not extended.

Total future minimum lease payments can be broken down as follows:

in Thousand Euros	31 Dec. 2022	31 Dec. 2021
Up to one year	40	40
More than one year to five years	96	135
More than five years	0	0
Future payments on operating leases	136	175

Depreciation is reported in the income statement in the item “Depreciation, Amortisation and Impairments”.

17. Financial Assets

Financial assets can be broken down as follows:

in Thousand Euros	Remaining Term of		31 Dec.2022	Remaining Term of		31 Dec.2021
	Up to 1 Year	More than 1 Year	Total	Up to 1 Year	More than 1 Year	Total
Receivables						
-thereof against Group Companies	5.739.328	841.363	6.580.691	4.752.233	1.113.786	5.866.019
-thereof against third parties	47.853	0	47.853	31.732	7.000	38.732
Derivative financial instruments						
-thereof against Group Companies at fair value through P/L	18.633	0	18.633	4.901	0	4.901
-thereof against third parties at fair value through P/L	11.274	0	11.274	19.554	0	19.554
-thereof against third parties Used for Hedging	36.414	9.749	46.163	0	0	0
Receivables from derivative accrued interest	547	0	547	0	0	0
Total	5.854.049	851.112	6.705.161	4.808.420	1.120.786	5.929.206

Non-current receivables from loans firstly concern a loan granted to REWE-ZENTRALFINANZ eG, Cologne (Germany), amounting to 175.000 thousand euros. The term of the loan ends on 2 September 2024. The loan has an interest rate of 2,85 per cent per year. In February 2018, the Company placed a promissory note bond, amounting to 1.000.000 thousand euros, which was passed on to REWE-ZENTRALFINANZ eG, Cologne (Germany). These non- current receivables from loans have a maturity from three to ten years.

Furthermore, different annuity loans to German REWE Group real estate companies were reported under long-term loan receivables. The terms of the loans end in years 2023 until 2031. The interest rates are based on EURIBOR. The short- term part of the relevant loans is reported under short-term receivables.

The long-term loan amounting to 7.000 thousand euros against third parties was granted to the REWE Group Touristik Joint Venture ALDIANA and was repaid earlier in 2022 instead of 2024.

The short-term loan receivables concern a number of loans with different terms and interest rates. The increase in 2022 is due to a higher volume of InhouseBank activities.

The short-term receivables from Money-Market deals, Inhouse Banking and derivatives can be broken down as follows:

ISO-Code	Country	Currency	Carrying amount in thousand units	
			31. Dec. 2022	31. Dec. 2021
EUR	EURO-countries	Euro	5.205.077	4.111.470
CZK	Czech Republic	Koruna	145.074	206.257
GBP	Great Britain	Pound Sterling	0	0
HRK	Croatia	Kuna	0	34.964
HUF	Hungary	Forint	159.812	112.450
NOK	Norway	Krone		4.843
RON	Romania	Leu	340.896	333.239
RUB	Russia	Rouble	0	0
SEK	Sweden	Krona	0	0
THB	Thailand	Baht	2.581	2.511
USD	USA	Dollar	609	2.686

Notes to derivative financial instruments can be found in **Section 27** “Disclosures on Financial Instruments”.

18. Current and deferred tax receivables

In previous year, the company has recognised deferred tax assets, amounting to 1.428 thousand euros, mainly relate to the tax effects of the valuation result of the interest rate swaps under application of cash flow hedge accounting. In year 2022 the company has recognised deferred tax liabilities due to the valuation result of the cashflow hedges.

The RIF Group recognised deferred tax assets for unused tax losses amounting to 123 thousand euros.

19. Cash and Cash Equivalents

As of the balance sheet date, cash and cash equivalents on the assets side amounted to 19.534 thousand euros (previous year: 14.754 thousand euros). Cash and cash equivalents solely contain bank balances and are not subject to any restrictions.

20. Shareholders’ Equity

The development of shareholders’ equity is shown in the statement of changes in equity.

Share Capital

The share capital of the Company consists of 10.000 ordinary shares of EUR 1.000 each, nominal. Of these shares, 2.000 shares have been issued and fully paid. No change occurred in the reporting year.

Retained Earnings

Retained earnings include the net profit of the Company from former years.

Result for the year

The result for the year contains the result after tax for the year.

Reserve for cash flow hedges

The reserve for cash flow hedges contains the valuation result of the interest rate swaps under application of cash flow hedge accounting.

Deferred tax reserve

The deferred tax reserve includes the accumulated deferred taxes recognised in equity on the items recognised in reserve for cash flow hedges.

21. Employee Benefits

Employee benefits can be broken down as follows:

In Thousand Euros	Remaining Term of Up to 1 Year	More than 1 Year	31 Dec.2022 Total	Remaining Term of Up to 1 Year	More than 1 Year	31 Dec.2021 Total
Anniversary bonuses	0	29	29	0	32	32
Holiday provisions	122	0	122	114	0	114
Other provisions	3	3	6	2	3	5
Total	**125**	**32**	**157**	**116**	**35**	**151**

The liability for anniversary bonuses corresponds to the full actuarial reserve and was determined based on actuarial principles assuming an accounting interest rate of 1,4 per cent in due consideration of a reasonable fluctuation discount and based on the 2018 G reference tables of Prof. Dr. Klaus Heubeck for the earliest possible retirement age under the German statutory pension scheme.

22. Financial Liabilities

Financial liabilities can be broken down as follows:

In Thousand Euros	Remaining Term of Up to 1 Year	More than 1 Year	31 Dec. 2022 Total	Remaining Term of Up to 1 Year	More than 1 Year	31 Dec. 2021 Total
Liabilities to financial institutions	1.354.866	678.798	2.033.664	524.860	971.158	1.499.296
Liabilities from loans						
-thereof with Group Companies	3.910.231	0	3.910.231	3.703.877	0	3.703.877
-thereof with third parties	184.239	396.709	580.948	233.457	375.470	608.927
Liabilities from derivatives						
-thereof with Group Companies at fair value through P/L	9.625	0	9.625	16.131	0	16.131
-thereof with third parties at fair value through P/L	30.507	0	30.507	11.792	0	11.792
-thereof with third parties Used for Hedging	0	0	0	0	5.523	5.523
Liabilities from derivative accrued interest	501	0	501	474	0	474
Liabilities IFRS 16	34	87	121	32	121	154
Total	**5.490.004**	**1.075.594**	**6.565.598**	**4.490.624**	**1.352.273**	**5.842.897**

On 2 September 2014, the Company entered into a fixed-interest promissory note loan agreement, amounting to 175.000 thousand euros. The term of the loan ends on 2 September 2024. The interest rate is 2,51 per cent per year.

On 15 February 2018, the Company entered into a promissory note loan agreement, amounting to 1.000.000 thousand euros. There are different tranches, with a 3-10 year maturity. The fixed interest rates range between 1,63 and 2,18 per cent, the variable interest rates refer to the 6M-EURIBOR plus margin. The promissory note loan is partly classified as liability to financial institutions and partly to third parties depending on the counterparties. In 2021, 62.000 thousand euros were repaid.

On 3 December 2018 the Company concluded a syndicated loan agreement with a volume to 2.000.000 thousand euros and a maturity of five years. The loan agreement was gradually extended for two more years. In October 2022 the syndicated loan volume was increased by 500.000 thousand euros (for detailed information see paragraph 27*).*

A covenant is agreed in the contract, compliance with which is reported to the lenders twice a year. The covenant relates to the ratio of total net debt to EBITDA with a maximum value of 5.13. The key figures total net debt and EBITDA relate to the consolidated financial statements of REWE Group.

In December 2019, another promissory note bond with a volume of 537.000 thousand euros and a maturity of 3-10 years was concluded. The fixed interest rates range between 0,65 and 1,08 per cent, the variable interest rates refer to the 6M-EURIBOR plus margin. Different tranches of this promissory note bond, amounting to 82.000 thousand euros, were repaid in December 2022.

On 1 April 2021 the Company concluded a sustainability-linked syndicated credit line agreement with a volume of 750.000 thousand euros and an 18-month maturity. This credit line was early terminated in connection with the increase in the syndicated loan concluded in 2018.

On 21 July 2020 the Company acquired a US private placement bond with a volume of 30.000 thousand euros from Lekkerland Finance B.V. Maturity date of the private placement bond is 15 August 2027, the interest rate is 1,87 per cent per year. A covenant is agreed in the contract, compliance with which is reported to the lenders twice a year. The covenant relates to the ratio of total net debt to EBITDA with a maximum value of 5.13. The key figures total net debt and EBITDA relate to the consolidated financial statements of REWE Group.

Liabilities from loans include mainly the In-House banking activities, as well as a number of short-term cash deposits with the Company that have different terms and interest rates. The increase of liabilities from loans with third parties between short-term and long-term is due, among other things, to the fact that associated companies of the REWE Group take advantage of the offer of long-term financial investment.

Notes to derivative financial instruments can be found in **Section 27** “Disclosures on Financial Instruments”.

23. Trade Payables

Trade payables amounting to 9.104 thousand euros (2021: 8.588 thousand euros) as of the balance sheet date concern short-term liabilities to different contracting parties, thereof 8.904 thousand euros (2021: 8.539 thousand euros) to related parties.

24. Current and deferred tax liabilities

The deferred taxes result from the tax effects of the valuation of interest rate swaps under the application of hedge accounting. For detailed information see the notes under no. 30.

25. Other Liabilities

Other liabilities amounting to 603 thousand euros (2021: 634 thousand euros) essentially contain short-term liabilities related to the flood disaster in Germany in July 2021. The Company collected donations from REWE Group companies and employees and manages the funds until they are distributed to those in need. Other liabilities also consist of liabilities from outstanding incoming invoices.

Notes to the Cash Flow Statement

The cash flow statement shows the changes in cash and cash equivalents during the reporting year. A distinction is drawn between changes resulting from operating activities, investing activities and financing activities. The RIF Group presents the cash flow statement using the indirect method.

Cash Flow from Operating Activities

The cash flow from operating activities is -520.401 thousand euros compared to -196.407 thousand euros in the previous year.

The cash inflow from repayments of loans granted to related parties increased from 1.290.489 thousand euros to 2.236.443 thousand euros in 2022, whilst the cash outflow from loans granted to related parties increased from –1.239.866 thousand euros to -2.230.325 thousand euros in 2022.

The increase in interest cash inflows and outflows is partly attributable to the positive EURIBOR interest level from autumn 2022 on. Increased hedging costs included in the interest base calculation lead to an advanced interest level as well.

Income tax received/paid amounted to -509 thousand euros (2021: -1.997 thousand euros), which is mainly attributable to a tax refund for the fiscal years 2016 and 2017. The RIF Group did a tax prepayment for the year 2022 amounting to 2.035 thousand euros.

The increase in cash inflows and outflows from currency derivatives is attributable to the higher volume of currency deals with affiliates mainly from the touristic sector and back-to-back with external banks.

Cash Flow from Investing Activities

The cash outflow from investing activities amounting to 143 thousand euros related to the acquisition of three company cars.

Cash Flow from Financing Activities

The cash flow from financing activities developed from 5.230 thousand euros in the previous year by 520.094 thousand euros, resulting in a cash inflow of 525.324 thousand euros in the reporting year.

The cash inflow from taking out of financial loans increased from 10.053.546 thousand euros in 2021 to 14.259.892 thousand euros, whilst the cash outflow from repayment of financial loans also increased from 10.045.622 thousand euros in 2021 to 13.732.502 thousand euros in 2022. The increase is caused by a raised volume of cash flows with REWE Group companies in the Trade sector.

The development of financial liabilities during the financial year is as follows:

	in Thousand Euros	2022	2021
	Financial liabilities as of 1 January	**5.842.897**	**5.143.894**
-	interest-free financial liabilities	33.447	39.289
=	**interest-bearing financial liabilities as of 1 January**	**5.809.450**	**5.104.605**
+/-	cash affecting development of liabilities	788.903	227.872
+	non-cash effecting development of liabilities	-80.143	467.506
-	thereof realized foreign currency valuation	1.267	-5.702
+/-	thereof not realized foreign currency valuation	-655	3.206
+/-	thereof interest accruals	4.216	-362
+	thereof interest capitalization	4.673	599
+	thereof effective interest method	294	289
+/-	thereof other effects	-7	33
=	**interest-bearing financial liabilities as of 31 December**	**6.525.464**	**5.809.450**
+	interest-free financial liabilities	40.132	33.447
	Financial liabilities as of 31 December	**6.565.596**	**5.842.897**

Other Disclosures

26. Notes on Capital Management

Financial Management is performed not only at specific entity level or local Group level but together with the Central Finance Division of the REWE Group. The financial management of the REWE Group serves to sustainably maintain the greatest possible financial flexibility and is designed to ensure freedom of action at all times with regard to the operational, financial and strategic development of the REWE Group. The REWE Group is committed to a strong financial profile and to maintaining a good credit rating. In order to maintain this financial profile, the REWE Group is guided by internationally accepted financial ratios that are relevant for the rating. All strategic business decisions are reviewed for their impact on these ratios.

A financial policy has been defined for the REWE Group that illustrates its most important key figure as follows:

$$\text{Indebtedness factor*} = \frac{\text{Net financial liabilities}}{\text{EBITDA}}$$

* The indebtedness factor is not part of IFRS accounting regulations, and its definition and calculation can deviate from those of other companies.

The debt factor is calculated as the ratio between the REWE Group's net debt and EBITDA.

Net debt takes into account the following components:

- Financial liabilities,
- less other liabilities from financial transactions,
- less liabilities from interest rate swaps),
- less debts to associated companies,
- plus the net liability from defined benefit obligations,
- less deferred taxes from defined benefit obligations
- less the surplus cash.

In addition, EBITDA takes into account the following components:

- EBITDA of the Group,
- plus dividends received,
- plus the past service cost ,
- to / from losses or gains on the disposal of intangible assets, property, plant and equipment and financial assets,
- plus the EBITDA of the companies of the REWE merchants,
- less dividends received from the companies of REWE-Kaufleute.

On the basis of this calculation, a range of 3.0 to 3.3 was set as the maximum value for the debt factor. The management prepares strategies and plans in such a way that the ratio for the group is usually below the lower limit and in any case below the upper limit of this range. If the debt factor limit is breached due to extraordinary developments, measures are developed to bring it back to the targeted level as quickly as possible.

As at 31 December 2022, the corresponding ratio according to this calculation method is 2,9 (previous year: 2,7).

The financing structure, liquidity and financial risk positions are managed centrally within the REWE Group. Based on capital market-oriented principles, long-term capital management also includes decisions regarding variable and fixed-interest borrowing. For example, when interest rates are low, the risk of interest rate increases is hedged by taking out fixed-interest loans. When interest rates are high, variable-rate loans can be taken out to take advantage of opportunities arising from falling interest rates.

Short-term liquidity management for the REWE Group is carried out for the following year on a monthly basis and is updated continuously. The medium-term liquidity requirement is determined for the respective calendar year on the basis of medium-term planning and thus serves as the basis for the financing strategy.

A central treasury committee is in place to manage financial risks (e.g. exchange rate risks, interest rate risks, credit risks) within the REWE Group. In addition, there are treasury committees at the level of the business units. These committees serve in particular to provide mutual information and form opinions as well as to closely coordinate the various REWE Group units on issues and strategies.

Furthermore, the know-how pooled in the REWE Group is used to advise and support the REWE Group companies at home and abroad in all relevant financial matters. This ranges from basic considerations on the financing of acquisition and investment projects to supporting the local finance managers of the individual REWE Group companies in discussions with local banks and financial service providers.

Three Management Board members of the Group are also members of the Treasury Committee of the REWE Group and members of the Steering Group of the Central Finance Division. Due to the multifunctional positions of these board members a mutual exchange of information on which informed decision-making for the benefit of the Group is ensured.

The Group itself monthly analyses its interest maturities statement, its earnings before taxes and its balance sheet development which forms the basis for decisions on strategic interest rate adjustments as well as on balance sheet structure management.

27. Financial Risk Management

Financial Risk Factors

The Group is exposed to various financial risks as part of its business activities, particularly to foreign exchange risks, default risks, interest risks and liquidity risks.

The executive office is responsible for risk management in compliance with the Guidelines adopted by the REWE Group Management Board. The Management Board specifies in writing the principles of the cross-functional risk management and the Guidelines for specific areas, such as handling foreign exchange risks, interest rate and loan risks, the use of derivative and non-derivative financial instruments and the investment of excess liquidity. The Guidelines of the REWE Group are also applied by the RIF Group.

The risk management of the RIF Group focuses on the unpredictability of developments in financial markets and aims to minimise potential negative impacts on the Company's financial position. To this effect, the RIF Group uses derivative financial instruments to hedge against specific financial risks.

Foreign Exchange Risk

The RIF Group operates with a large number of Non-Euro-countries and is therefore exposed to potential foreign exchange risks. Foreign exchange risks, i.e. losses on financial instruments which are due to exchange rate fluctuations, are particularly acute when assets and liabilities exist or will be routinely generated in a currency other than the Group's functional currency. Foreign currency derivatives are used to hedge against foreign exchange risks. Counterparties in derivative transactions are top-rated banks or REWE Group companies. Only when correct accounting recognition in the REWE Group's treasury systems is assured can standard derivative financial instruments be used to hedge against foreign exchange risks.

In accordance with the Financial Guidelines of the REWE Group, receivables and liabilities of the RIF Group in foreign currencies must be fully hedged using derivatives. Fluctuations of the exchange rates as of the balance sheet date would therefore have no significant effect on the income of the RIF Group.

All loans in foreign currency are fully hedged.

Interest Rate Risks

Interest rate risks principally arise from changes in market interest rates for interest-bearing assets and liabilities. All assets and liabilities with variable interest rates or short-term fixed interest rates expose the Group to cash flow risks. Fixed interest assets and liabilities with an extended fixed interest period result in a fair value interest rate risk.

The interest rate profile of the RIF Groups interest bearing financial instruments is as follows:

in thousand euros	31.12.2022	31.12.2021
Fixed-rate instruments	**Carrying amount**	**Carrying amount**
Financial assets	1.068.000	1.083.000
Financial liabilities	-1.163.000	-1.192.000
total	**-95.000**	**-109.000**
Variable rate instruments	**Carrying amount**	**Carrying amount**
Financial assets	5.561.092	4.821.751
Financial liabilities	-5.362.466	-4.617.450
total	**198.626**	**204.301**

The Group dynamically analyses its interest rate exposition. To this end, various scenarios are simulated, comprising, for example, re-financing, the renewal of existing positions, alternative financing options and hedging. Based on these scenarios, the impact of a stipulated interest rate fluctuation on the profit or loss is then analysed.

The essential assumption for each simulation is a consistent interest rate fluctuation for all currencies. However, only those liabilities with a high interest portion are considered.

In February 2018, RIF entered into four interest rate swaps with different external banks to hedge variable interest payments on different tranches of a promissory note loan.

Maturity date	Nominal volume in Mio. €	Fixed interest rate in per cent
28 February 2025	35,0	0,878
28 February 2025	35,0	0,897
28 February 2025	45,5	0,873
28 February 2028	31,0	1,225

These interest rate swap agreements are accounted for as cash flow hedges. As the main contractual conditions (critical terms) of the underlying transaction and hedging instruments, such as the term and the nominal volume, match, no ineffectiveness is recognised.

In March 2022, the Group concluded two interest rate swaps with different external banks to hedge variable interest payments on a highly probable refinancing of a promissory note bond expiring on 20 December 2022 with a total volume of € 82.0 million.

Maturity date	Nominal volume in Mio. €	Fixed interest rate in per cent
20 December 2029	41,0	1,169
20 December 2029	41,0	1,321

In April and May 2022, the Group entered into six interest rate swaps with various external banks to hedge variable interest payments on a highly probable refinancing of a promissory note bond expiring on 28 February 2023 with a total volume of € 298.5 million.

Maturity date	Nominal volume in Mio. €	Fixed interest rate in per cent
28 February 2030	50,0	1,472
28 February 2030	50,0	1,653
28 February 2030	50,0	1,672
28 February 2030	50,0	1,870
28 February 2030	50,0	1,640
28 February 2030	48,5	1,947

The interest rate swap agreements concluded in 2022 are also accounted for as cash flow hedges. The main contractual conditions (critical terms) of the underlying transaction and hedging instruments, such as the term and the nominal volume, are almost identical. In the 2022 financial year, ineffectiveness resulted in the amount of 555 thousand euros, recognised under result from derivative financial instruments.

An additional interest rate risk arises from original variable interest financial instruments. An increase in the interest rate level by 100 basis points would have resulted in an increase of 1.954 thousand euros (previous year: increase of 1.955 thousand euros) in the interest result and shareholders' equity. A decrease in the interest rate level by 100 basis points would have resulted in a decrease 1.954 thousand euros (previous year: decrease of 1.955 thousand euros) in the interest result and shareholders' equity.

Liquidity Risks

Liquidity management ensures that the Group has enough liquidity at any time, in the form of sufficient unutilised credit lines. As a result, no liquidity risks should occur even if unexpected events have a negative financial impact on the liquidity situation.

Loans are used as financial instruments.

The Group has the following borrowed funds at its disposal:

in thousand euros	31.12.2022	31.12.2021	End of loan period
Syndicated loan 2018*	2.500.000	2.000.000	3 December 2025
Syndicated loan 2021*	0	750.000	30 September 2023
Promissory note Bond 2018**	938.000	938.000	28 February 2023 until 28 February 2028
Promissory note Bond 2019***	153.500	235.500	20 December 2024 until 20 December 2029
Promissory note Bond 2014**	175.000	175.000	2 September 2024
US-Private-Placement*	30.000	30.000	15 August 2027
total	**3.796.500**	**4.128.500**	

* guaranteed by RZF
** guaranteed by RZF, RZAG KGaA and RM
*** guaranteed by RZF and KGaA

The loan amount withdrawn at year end is as follows:

in thousand euros	31.12.2022	31.12.2021	End of loan period
Syndicated loan 2018*	985.500	297.600	3 December 2025
Syndicated loan 2021*	0	0	30 September 2023
Promissory note Bond 2018**	938.000	938.000	28 February 2023 until 28 February 2028
Promissory note Bond 2019***	153.500	235.500	20 December 2024 until 20 December 2029
Promissory note Bond 2014**	175.000	175.000	2 September 2024
US-Private-Placement*	30.000	30.000	15 August 2027
total	**2.282.000**	**1.676.100**	

The Group has a syndicated loan of 2.5 billion euros, which includes credit lines of 540,000 thousand euros as at the balance sheet date. The syndicated loan (excluding the included credit lines) was drawn down in the amount of 700,000 thousand euros as at the current balance sheet date (previous year's balance sheet date: zero euros). The included credit lines were utilised in the amount of 285,500 thousand euros (previous year: 297,600 thousand euros) as at the balance sheet date. The syndicated loan of 750,000 thousand euros existing as at 31 December 2021 was terminated prematurely in October 2022. In the reporting period, early repayment totalling 82,000 thousand euros was made for the promissory note loan of 235,500 thousand euros. The internal financial equalisation (cash pooling) achieves a reduction in the debt financing volume as well as an optimisation of cash and capital investments. Cash pooling makes it possible to use the liquidity surpluses of individual companies in the Group for internal financing.

The following tables provide information on the contractually agreed, undiscounted interest and redemption payments for financial liabilities. Insofar as there is a right to terminate a loan agreement, a cash outflow on the earliest possible termination date is assumed.

Liquidity Analysis of Financial Liabilities as of 31 December 2022

in Thousand Euros Other non-current financial liabilities	31 Dec. 2022 carrying amount Contractually agreed payments for a period up to ...	2023 Cash outflow up to 1 year	2024 Cash outflow more than 1 and less than 2 years	2025 Cash outflow more than 2 and less than 3 years	2026 Cash outflow more than 3 and less than 4 years	2027 Cash outflow more than 4 and less than 5 years	2028ff Cash outflow 5 or more years
Other non-current financial liabilities	1.075.594	22.273	271.922	473.462	48.177	31.931	279.131
Other current financial liabilities	5.449.369	5.449.369	0	0	0	0	0
Current trade payables	9.104	9.104	0	0	0	0	0
Total obligations	**6.534.067**	**5.480.746**	**271.922**	**473.462**	**48.177**	**31.931**	**279.131**
Financial assets	**6.628.544**	**5.787.181**	**178.273**	**470.240**	**13.179**	**808**	**177.113**
Net position	94.477	306.435	-93.649	-3.222	-34.998	-31.123	-102.018

Liquidity Analysis of Financial Liabilities as of 31 December 2021

in Thousand Euros Other non-current financial liabilities	31 Dec. 2021 carrying amount Contractually agreed payments for a period up to ...	2022 Cash outflow up to 1 year	2023 Cash outflow more than 1 and less than 2 years	2024 Cash outflow more than 2 and less than 3 years	2025 Cash outflow more than 3 and less than 4 years	2026 Cash outflow more than 4 and less than 5 years	2027ff Cash outflow 5 or more years
Other non-current financial liabilities	1.346.750	129.092	326.987	274.746	477.863	49.590	235.512
Other current financial liabilities	4.462.226	4.462.226	0	0	0	0	0
Current trade payables	8.598	8.598	0	0	0	0	0
Total obligations	**5.817.574**	**4.599.916**	**326.987**	**274.746**	**477.863**	**49.590**	**235.512**
Financial assets	**5.904.751**	**4.783.965**	**275.041**	**3.273**	**645.240**	**12.440**	**177.793**
Net position	87.177	184.049	-51.946	-271.473	167.377	-37.150	-57.719

Cash outflows from original financial instruments include the interest component in addition to the principal repayment, so that the sum of the cash outflows may exceed the carrying amount in any given financial year.

Cash outflows from financial liabilities are covered by cash inflows from financial assets.

Liquidity Analysis of Derivatives as of 31 December 2022

in Thousand Euros	2023 cashflows up to 1 year	2024 cashflows more than 1 and less than 2 years	2025 cashflows more than 2 and less than 3 years	2026 cashflows more than 3 and less than 4 years	2027 cas5flows more than 4 and less than 5 years	2028 ff. cashflows 5 years and more
Currency Derivatives						
Financial Assets						
Proceeds	1.276.833	4.769	0	0	0	0
Payments	1.252.454	4.677	0	0	0	0
Financial Liabilities						
Proceeds	1.573.652	4.677	0	0	0	0
Payments	1.618.196	4.769	0	0	0	0
Interest Derivatives						
Financial Assets						
Proceeds	13.510.085	17.541.197	15.752.478	13.541.423	13.443.400	30.077.464
Payments	2.390.311	7.496.931	7.014.047	6.486.289	6.497.633	17.544.617

Liquidity Analysis of Derivatives as of 31 December 2021

in Thousand Euros	2022 cashflows up to 1 year	2023 cashflows more than 1 and less than 2 years	2024 cashflows more than 2 and less than 3 years	2025 cashflows more than 3 and less than 4 years	2026 cas5flows more than 4 and less than 5 years	2027 ff. cashflows 5 years and more
Currency Derivatives						
Financial Assets						
Proceeds	1.158.979	612	0	0	0	0
Payments	1.135.798	603	0	0	0	0
Financial Liabilities						
Proceeds	1.319.492	603	0	0	0	0
Payments	1.350.622	612	0	0	0	0
Interest Derivatives						
Financial Liabilities						
Proceeds	0	0	0	0	0	21.746
Payments	1.369.411	1.369.411	1.376.935	883.160	385.024	579.119

A potential shortage regarding the cash flows from derivatives will be covered by an excess of the cash flows from the relevant underlying loans/interest payments.

Default Risks

Credit and default risks from financial assets arise from the potential failure of a counterparty to fulfil its obligations in whole or in part, thereby causing financial losses to the other party.

Potential default risks exist in relation to loan receivables, term deposits and derivative financial instruments.

The Company generally applies the requirements of the multi-step impairment model under IFRS 9 to financial assets measured at amortised cost but uses an adapted model due to the guarantee structure (described below). The measurement of such financial receivables is based on a loss allowance at an amount equal to the 12-month expected credit loss. Due to the guarantee structure (described below) the Company made an impairment of 238 thousand euros at year-end 2022 (221 thousand euros at year-end 2021), which is included in interest expenses.

If the credit risk has increased significantly since initial recognition, a loss allowance at an amount equal to the lifetime expected credit loss will be recognized.

The Group recorded receivables against REWE ZENTRALFINANZ eG, Cologne (Germany), amounting to 944.082 thousand euros at balance sheet date (2021: 1.785.532 thousand euros), which contains 14,0 per cent of the balance sum (2021: 30,0 per cent). Due to the guarantee structure (described below) the Group doesn’t see a credit risk. No concentration of risks exists in relation to derivative financial instruments.

A guarantee exists on the part of RZF, RZAG, KGaA, and RM with regard to the loan receivables of RIF vis-à-vis the companies of the REWE Group. According to this guarantee agreement, the guarantors of RIF compensate any loss due to default with regard to the lower of 1 per cent of the total amount of the such loan receivables or above the basic amount of 30,0 million euros. As a result, the credit risk of intergroup financial receivables is effectively mitigated to the default risk of REWE Group. Based on the company's assessment, all transactions are classified as low credit risk at inception, and the Company has no history of default and/or overdue loans. As the guarantee is considered to be an integral element of the loans its effect is considered in the calculation of the expected credit loss on the loans. Considering that the combination of probability of default, for which a credit rating of REWE Group is used for the part of the loans that is guaranteed, and loss given default of 0,6 is applied, this results in a relatively small amount of ECL of 238 thousand euros (2021: 221 thousand euros). The probability of default for each counterparty is derived from external credit ratings. The probability of default for the REWE Group reflects the probability of the ultimate mother company RZF derived from an external credit rating. The probability of default of RZF as per 31 December 2022 is 0,05 per cent.

Three fixed liability guarantees exist with regard to a loan receivable of RIF vis-à-vis a joint venture of the REWE Group (third party for RIF). According to these guarantees the guarantors of RIF compensate any loss to default of that loan receivable to a maximum of

16.100 thousand euros. The relevant loan receivable amounted to 8.812 thousand euros at year end (2021: 0 thousand euros).

As in the previous year, there were no overdue non-impaired receivables on the balance sheet date.

The Group’s contractual partners in term deposit transactions and derivative financial instruments are top-rated banks, whose limits were monitored continuously, or REWE Group companies.

28. Disclosures on Financial Instruments

The RIF Group is exposed to various risks as part of its business activities. Derivative financial instruments are used to hedge against fluctuation in interest rates and foreign exchange risks.

For further notes please refer to Section 8 “Net Result from Interest”.

Moreover, current foreign currency derivatives were taken out in order to hedge the currency risks from existing receivables and liabilities.

The following table shows the nominal volume of the currency derivatives per currency:

ISO Code	Country	Currency	Notional Volume in Thousand Units 31. Dec. 2022	31. Dec. 2021
AED	United Arab Emirates	Dirham	357.027	138.100
AUD	Australia	Dollar	17.300	8.000
CAD	Canada	Dollar	29.400	10.100
CHF	Switzerland	Franc	197.274	200.992
CNY	China	Renminbi Yuan	74.664	205.303
CZK	Czech Republic	Koruna	6.695.153	7.175.237
DKK	Denmark	Krona	571.312	18.000
GBP	Great Britain	Pound Sterling	149.233	60.854
HRK	Croatia	Kuna	0	263.875
HUF	Hungary	Forint	85.034.812	53.859.360
INR	India	Rupee	180.000	0
ISK	Island	Krona	430.000	0
JPY	Japan	Yen	190.000	0
MAD	Morocco	Dinar	42.000	7.940
NOK	Norway	Krona	913.080	73.756
NZD	New Zealand	Dollar	11.550	10.600
PLN	Poland	Zloty	18.806	9.576
QAR	Qatar	Riyal	5.600	2.030
RON	Romania	Leu	2.953.079	2.042.333
SEK	Sweden	Krona	1.662.170	4.158.054
SGD	Singapore	Dollar	4.800	320
THB	Thailand	Baht	3.053.170	788.060
USD	USA	Dollar	887.553	942.005
ZAR	South Afrika	Rand	722.200	95.000

Due to loan contracts with REWE Group counterparties mainly in Romania, Scandinavia, Switzerland and Great Britain the Group hedges the relevant currency risk using corresponding currency derivatives.

The Group continued trading currency derivatives in different currencies with REWE Group companies and back-to-back with external banks.

The market values of the derivative financial instruments and commodity trades are as follows:

In Thousand Euros	Fair Value Assets		Fair Value Liabilities	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Currency swaps	29.293	23.829	39.518	27.298
Interest derivatives	46.163	0	0	5.523
Commodity trades	613	626	613	626
Total	**76.069**	24.455	**40.131**	33.447

Market information as of the balance sheet date is used to calculate the market value of the above derivative financial instruments.

Financial Instruments by Class and Measurement Categories as of 31 December 2022

The classes of financial instruments as defined by IFRS 7 were based on the balance sheet format. The following table shows the conversion of the individual classes and measurement categories according to IFRS 9 to the balance sheet items:

in Thousand Euros	Carrying amount 31 Dec. 2022	Amortised costs	Fair Value through Profit or Loss
Assets			
Non-current financial assets	851.112		
Loans and receivables	841.363	841.363	0
Derivative Financial assets stand alone	0	0	0
Derivatives financial interest instruments*	9.749		
Current financial assets	5.854.049		
Derivative financial assets stand alone	29.906	0	29.906
Derivatives financial interest instruments*	36.414		
Loans and receivables	5.787.729	5.787.729	0
Liquid funds			
Loans and receivables	19.534	19.534	0
Liabilities			
Non-current financial liabilities	1.075.594		
Other financial liabilities	1.075.594	1.075.594	0
Derivative financial fx-liabilities stand alone	0	0	0
Derivative financial interest derivatives*	0	0	0
Current financial liabilities	5.490.002		
Other financial liabilities	5.449.872	5.449.872	0
Derivative financial liabilities stand alone	40.131	0	40.131
Current trade payables	9.104	9.104	0

*** Application of cash flow hedge accounting through OCI**
No measurement category under IFRS 9

Financial Instruments by Class and Measurement Categories as of 31 December 2021

in Thousand Euros	Carrying amount 31 Dec. 2021	Amortised costs	Fair Value through Profit or Loss
Assets			
Non-current financial assets	1.120.786		
Loans and receivables	1.120.786	1.120.786	0
Current financial assets	4.808.420		
Derivative financial assets stand alone	24.455	0	24.455
Loans and receivables	4.783.965	4.783.965	0
Liquid funds			
Loans and receivables	14.754	14.754	0
Liabilities			
Non-current financial liabilities	1.352.273		
Other financial liabilities	1.346.750	1.346.750	0
Derivative financial interest derivatives*	5.523	0	0
Current financial liabilities	4.490.624		
Other financial liabilities	4.462.700	4.462.700	0
Derivative financial liabilities stand alone	27.924	0	27.924
Current trade payables	8.588	8.588	0

*** Application of cash flow hedge accounting through OCI**
No measurement category under IFRS 9

According to IFRS 7, the disclosure of the measurement hierarchy for financial instruments recognised at fair value was made mandatory. IFRS 7 principally distinguishes between three hierarchy levels. Level 1 comprises fair values derived from quoted prices. Level 2 comprises relevant measurement inputs other than quoted prices of a financial instrument that are directly or indirectly observable on the market. Where neither Level 1 nor Level 2 can be applied, measurement is carried out according to Level 3. Here, measurement of assets and liabilities draws on factors that are not based on observable market data.

Currency derivatives, interest derivatives, and commodity trades, included in other financial assets and other financial liabilities are the only financial instruments measured at fair value. They are allocated to measurement hierarchy Level 2. At this level, measurement is carried out using prices that are not quoted. The input factors for measurement can, however, be observed directly or indirectly on the market.

Loans and receivables and other financial liabilities are not measured at fair value in the statement of financial position but the fair value is disclosed. The fair values of these assets and liabilities are determined according to Level 2.

No transfers between hierarchy level 1 and 2 occurred in the year under review.

Fair Value Disclosures

In the following table the carrying amounts are compared with the fair values of the financial instruments for each class:

in Thousand Euros	31 Dec. 2022 Carrying amount	31 Dec. 2022 Fair Value	31 Dec. 2021 Carrying amount	31 Dec. 2021 Fair Value
Non-current				
Other financial assets	851.112	822.112	1.120.786	1.198.190
Other financial liabilities	1.075.594	1.037.074	1.352.273	1.420.611
Current				
Other financial assets	5.854.049	5.824.661	4.808.420	4.817.896
Liquid funds	19.534	19.534	14.754	14.754
Other financial liabilities	5.490.004	5.473.631	4.490.624	4.492.821
Trade payables	9.104	9.104	8.588	8.588

Due to the short remaining term, the carrying amounts for current trade payables and liquid funds approximate their fair values.

Where available, market prices have been used to measure the other financial assets and liabilities. In the absence of a market price, the discounted cash flow method is used to calculate the fair value. The measurement model is based on the yield curves and exchange rates that apply on the balance sheet date.

Net Income from Financial Instruments

The following table provides an overview of income and expenses from financial instruments by IFRS 9 categories:

Income (+)/Expense (-) in Thousand Euros	2022	2021
Financial assets measured at amortized cost	135.242	81.119
Financial assets and liabilities measured at fair value through P/L	-40.394	-5.553
Financial liabilities measured at amortized cost	-67.173	-50.006

The income from financial assets measured at amortized costs mainly comprises interest income and foreign exchange effects. Profit or loss from financial assets and liabilities measured at fair value through P/L is the result of the measurement of derivatives. Profit or loss from financial liabilities measured at amortized cost is composed of interest expenses and foreign exchange effects.

29. Contingent Liabilities

Due to a guarantee given to the suppliers of Eurelec, a joint venture of the REWE Group, the Company has a contingent liability amounting to 490.213 thousand euros (2021: 418.498 thousand euros) as this amount corresponds to the relevant liabilities of Eurelec to their suppliers.

Since May 2019, a guarantee, amounting to 3.000 thousand euros, was given to Commerzbank AG, Düsseldorf (Germany) for liabilities of Seleggt GmbH, a Joint Venture of the REWE Group.

Since May 2020, another guarantee, amounting to 1.000 thousand euros, was given to Commerzbank AG, Düsseldorf (Germany) for liabilities of respeggt GmbH, a Joint Venture of the REWE Group. In February 2021 the guarantee was extended to an amount of 2.300 thousand euros.

Lastly in October 2020, another guarantee, amounting to 951 thousand euros, was given to ASCANIA I Alpha S.A.R.L., Luxembourg, for rental liabilities of commercetools GmbH, a Joint Venture of the REWE Group.

30. Related Party Disclosures

REWE International Finance B.V., Venlo, is a subsidiary of KGaA, holding 100 per cent of the interests and voting rights in the Company. Until 31 October 2022 KGaA held 66,6 per cent and the remaining 33,4 per cent was held by RZAG. As part of a project within REWE Group with the aim of simplifying corporate law structures within the central companies RZAG exchanged its shares in RIF and REWE Markt GmbH for shares in KGaA.

KGaA is in turn subsidiary of RZF. The companies belong to the corporate group of RZF, and other persons are therefore considered as related parties of the Company. Other parties comprise the Company’s Management Board and the Supervisory Board.

The Company's parent company is KGaA. The Company's top-level parent company is RZF. The Group financials statements of RZF are deposited at the Chamber of Commerce Cologne and are also available at REWE Group headquarters in Domstrasse 20, 50668 Cologne.

All transactions with related parties are arm's length transactions. Interest rates for deposits and loans are based on the Euribor or the relevant country-specific reference interest rate.

The following table shows the value of the main services provided to or received from related parties:

in Thousand Euros	Value of Services Provided	
	2022	2021
parent company	2.196	1.662
top-level parent company	29.990	30.382
related parties	125.875	113.598

in Thousand Euros	Value of Services Received	
	2022	2021
parent company	6.124	5.219
top-level parent company	6.518	7.720
related parties	45.499	37.395

The services provided to the top-level parent company include interest totalling 27.489 thousand euros (2021: 26.117 thousand euros) from loan agreements between the Company and the top-level parent company. The increase is caused by interest generated from Inhouse Cash.

The major part of the value of the services provided to related parties results from loan interest rates totalling 121.337 thousand euros (2021: 66.917 thousand euros).

The services received from the parent company concern fees for different guarantees granted by the parent company in favour of the Company. Cf. notes in **Section 26** (Financial Risk Management).

On the balance sheet date there were receivables from and liabilities to related parties as follows:

in Thousand Euros	31 Dec. 2022	31 Dec. 2021
Receivables from the parent company	193.324	106.525
Receivables from the top-level parent company	944.794	1.785.532
Receivables from related parties	6.607.878	5.902.601

In Thousand Euros	31 Dec. 2022	31 Dec. 2021
Liabilities to the parent company	3.137	2.661
Liabilities to the top-level parent company	42.628	3.980
Liabilities to related parties	4.145.651	3.973.109

Receivables from related parties almost exclusively include loan receivables.

Liabilities to related parties are almost completely attributable to existing loan agreements. They are not secured.

Total remuneration for members of the management board amounts to 575 thousand euros (2021: 370 thousand euros). The increase is caused by a structural amendment in the remuneration process for two other Managing Directors in October 2021.The total amount results from short-term benefits.

Expenses for defined contribution plans for management board members amounted to 22 thousand euros (2021: 6 thousand euros).

No remuneration for members of the Supervisory Board was paid.

31. Post balance sheet events

There were no significant events after the end of the reporting year by the time these financial statements were released.

Venlo, 12 June 2023

Management Board of RIF:	Supervisory Board of RIF:
H. Schäfer	Dr. K. Wirbel
T. Clemens	T. Schischmanow
R. Ton	M. Tonn
H. Walboomers	B. Schnabel
P. Steeghs	N. Klüssendorf
C. Stolz	C. Matschke
	M. Czoske

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Kaldenkerkerweg 2
5913 AD Venlo – The Netherlands

Separate financial statements

- Separate statement of financial position
- Separate statement of profit and loss
- Notes to the separate financial statements

Separate statement of financial position as at 31 December 2022

REWE International Finance B.V., Venlo

Separate statement of financial position as at 31 December 2022			
Before proposed profit appropriation			
in Thousand Euros	Notes No.	**31 December 2022**	**31 December 2021**
Fixed assets			
Tangible fixed assets	31	274	195
Financial fixed assets	32	859.173	1.120.786
Deferred tax assets	33	3	1.428
Total fixed assets		**859.450**	**1.122.409**
Current assets			
Financial assets	32	5.854.067	4.808.420
Current tax receivables	33	856	710
Cash and cash equivalents	34	19.534	14.754
Total current assets		**5.874.459**	**4.823.885**
Total assets		**6.733.908**	**5.946.294**

The notes on pages 83 to 92 are an integral part of these separate financial statements.

REWE International Finance B.V., Venlo

Separate statement of financial position as at 31 December 2022

Before proposed profit appropriation

in Thousand Euros	Notes No.	31 December 2022	31 December 2021
Shareholder's equity			
Share capital	35	2.000	2.000
Other reserve	35	95.770	91.542
Undistributed profit	35	6.774	4.227
Reserve for cash flow hedges	35	45.609	-5.523
Deferred tax reserve	35	-11.910	1.425
Total Shareholders' equity		**138.243**	**93.671**
Long-term liabilities			
Long-term Employee benefits	36	32	35
Long-term Other provisions		12	12
Long-term Financial liabilities	37	1.075.594	1.352.273
Deferred tax liabilities	40	12.238	340
Total long-term liabilities		**1.087.876**	**1.352.660**
Current liabilities			
Short-term Employee benefits	36	125	116
Short-term Financial liabilities	37	5.490.002	4.490.624
Trade payables	38	9.076	8.588
Liabilities against affiliated companies	39	8.000	0
Other liabilities	41	586	634
Total current liabilities		**5.507.789**	**4.499.964**
Total equity and liabilities		**6.733.908**	**5.946.294**

The notes on pages 83 to 92 are an integral part of these separate financial statements.

Separate statement of profit and loss for the year ended 31 December 2022

REWE International Finance B.V., Venlo

Separate statement of profit and loss
for the year from 1 January to 31 December 2022

in Thousand Euros	2022	2021
Share in result from participating interests, after taxation	61	0
Other income and expenses after taxation	6.713	4.227
Net Result	6.774	4.227

The notes on pages 83 to 92 are an integral part of these separate financial statements.

Notes to the separate financial statements for the year ended 31 December 2022

General

These separate financial statements and the consolidated financial statements together constitute the statutory financial statements of REWE International Finance B.V. (hereafter: 'the Company'). The financial information of the Company is included in the Company's consolidated financial statements, as presented on pages 1 to 75.

Basis of preparation

These separate financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code. For setting the principles for the recognition and measurement of assets and liabilities and determination of results for its separate financial statements, the Company makes use of the option provided in section 2:362(8) of the Dutch Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the separate financial statements of the Company are the same as those applied for the consolidated EU-IFRS financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities. In case no other principles are mentioned, refer to the accounting principles as described in the consolidated financial statements. For an appropriate interpretation of these statutory financial statements, the separate financial statements should be read in conjunction with the consolidated financial statements.

Information on the use of financial instruments and on related risks for the group is provided in the notes to the consolidated financial statements of the group.

All amounts in the company financial statements are presented in EUR thousand, unless stated otherwise.

Participating interests in group companies

Group companies are all entities in which the Company has directly or indirectly control. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the group company and has the ability to affect those returns through its power over the group company. Group companies are recognised from the date on which control is obtained by the Company and derecognised from the date that control by the Company over the group company ceases. Participating interests in group companies are accounted for in the separate financial statements according to the equity method], with the principles for the recognition and measurement of assets and liabilities and determination of results as set out in the notes to the consolidated financial statements.

Participating interests with a negative net asset value are valued at nil. This measurement also covers any receivables provided to the participating interests that are, in substance, an extension of the net investment. In particular, this relates to loans for which settlement is neither planned nor likely to occur in the foreseeable future. A share in the profits of the participating interest in subsequent years will only be recognised if and to the extent that the cumulative unrecognised share of loss has been absorbed. If the Company fully or partially guarantees the debts of the relevant participating interest, or if has the constructive obligation to enable the participating interest to pay its debts (for its share therein), then a provision is recognised accordingly to the amount of the estimated payments by the Company on behalf of the participating interest.

Share of result of participating interests

The share in the result of participating interests consists of the share of the Company in the result of these participating interests. Results on transactions involving the transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests themselves, are eliminated to the extent that they can be considered as not realised.

The Company makes use of the option to eliminate intragroup expected credit losses against the book value of loans and receivables from the Company to participating interests, instead of elimination against the equity value / net asset value of the participating interests.

32. Tangible fixed assets

In Thousand Euros	Plant and Equipment
Cost of Acquisition	
As of 1 January 2021	479
Additions	19
Disposals	0
As of 31 December 2021	498
As of 1 January 2022	498
Additions	143
Disposals	-47
As of 31 December 2022	594
Accumulated Depreciation	
As of 1 January 2021	236
Additions	67
Disposals	0
As of 31 December 2021	303
As of 1 January 2022	303
Additions	65
Disposals	-48
As of 31 December 2022	320
Carrying amount on 31 December 2021	195
Carrying amount on 31 December 2022	274

For more information see number 16 in the notes to the consolidated financial statement.

33. Financial Assets

in Thousand Euros	Remaining Term of		31 Dec.2022	Remaining Term of		31 Dec.2021
	Up to 1 Year	More than 1 Year	Total	Up to 1 Year	More than 1 Year	Total
Share interest	0	8.061	8.061	0	0	0
Financial assets						
-thereof against Group Companies	5.739.346	841.363	6.580.709	4.752.233	1.113.786	5.866.019
-thereof against third parties	47.853	0	47.853	31.732	7.000	38.732
Derivative financial instruments						
-thereof against Group Companies at fair value through P/L	18.633	0	18.633	4.901	0	4.901
-thereof against third parties at fair value through P/L	11.274	0	11.274	19.554	0	19.554
-thereof agaisnt third parties used for Hedging	36.414	9.749	46.163	0	0	0
Receivables from derivative accrued interest	547	0	547	0	0	0
Total	5.854.067	859.173	6.713.240	4.808.420	1.120.786	5.929.206

Share interest concerns the interest in pay.cetera B.V., established 16 February 2022 under KvK number 85531073 as 100 per cent affiliate of the Company. The seat of pay.cetera B.V. is Kaldenkerkerweg 2, 5913AD Venlo, NL.

For the further content of the financial assets, see number 17 in the notes to the consolidated financial statement.

34. Current and deferred tax receivables

For further information, see number 19 in the notes to the consolidated financial statement.

35. Cash and Cash Equivalents

For further information, see number 20 in the notes to the consolidated financial statement.

36. Shareholders‘ Equity

Share Capital

The share capital of the Company consists of 10.000 ordinary shares of EUR 1.000 each, nominal. Of these shares, 2.000 shares have been issued and fully paid. No changes occurred during the year under review.

Other reserve

Other reserve include the net profit of the Company from former years.

Undistributed profit

The undistributed profit contains the result after tax for the year.

The financial statements for the reporting year 2021 have been adopted by the General Meeting on 11 May 2022. The General Meeting has adopted the appropriation of profit after tax for the reporting year 2021 as proposed by the Management Board.

The Management board proposes, with consent of the Supervisory Board, to add the profit after taxes for the reporting year 2022 to other reserves.

Reserve for cash flow hedges

The reserve for cash flow hedges contains the valuation result of the interest rate swaps under application of cash flow hedge accounting.

Deferred tax reserve

The deferred tax reserve includes the accumulated deferred taxes recognised in equity on the items recognised in reserve for cash flow hedges.

37. Employee Benefits

Employee benefits can be broken down as follows and are equal to number 22 in the notes to the consolidated financial statement.

In Thousand Euros	Remaining Term of		31 Dec.2022	Remaining Term of		31 Dec.2021
	Up to 1 Year	More than 1 Year	Total	Up to 1 Year	More than 1 Year	Total
Anniversary bonuses	0	29	29	0	32	32
Holiday provisions	125	0	125	114	0	114
Other provisions	3	3	6	2	3	5
Total	**127**	**32**	**157**	**116**	**35**	**151**

38. Financial Liabilities

Financial liabilites can be broken down as follows:

In Thousand Euros	Remaining Term of		31 Dec. 2022	Remaining Term of		31 Dec. 2021
	Up to 1 Year	More than 1 Year	Total	Up to 1 Year	More than 1 Year	Total
Liabilities to financial institutions	1.354.866	678.798	2.033.664	524.860	971.158	1.499.296
Liabilities from loans						
-thereof with Group Companies	3.910.231	0	3.910.231	3.703.877	0	3.703.877
-thereof with third parties	184.239	396.709	580.948	233.457	375.470	608.927
Liabilities from derivatives						
-thereof with Group Companies at fair value through P/L	9.625	0	9.625	16.131	0	16.131
-thereof with third parties at fair value through P/L	30.507	0	30.507	11.792	0	11.792
-thereof with third parties Used for Hedging	0	0	0	0	5.523	5.523
Liabilities from derivative accrued interest	501	0	501	474	0	474
Liabilities IFRS 16	34	87	121	32	121	154
Total	**5.490.002**	**1.075.594**	**6.565.596**	**4.490.624**	**1.352.273**	**5.842.897**

For further information, see number 24 in the notes to the the consolidated financial statement.

39. Trade Payables

Trade payables amounting to 9.076 thousand euros (year 2021: 8.588 thousand euros), mainly concern short-term liabilities to related parties.

40. Liabilities against affiliated companies

Liabilites against affiliated companies concern the obligation of the Company to pay up the outstanding share capital in pay.cetera B.V. according to the deed of incorporation.

41. Current and deferred tax liabilities

The deferred taxes result from the tax effects of the valuation of interest rate swaps under the application of hedge accounting. For detailed information see the notes under no. 30.

42. Other Liabilities

Other liabilities essentially contain short-term liabilities related to the flood disaster in Germany in July 2021. The Company collected donations from REWE Group companies and employees and manages the funds until they are distributed to those in need. Other liabilities also consist of liabilities from outstanding incoming invoices.

43. Audit Fees

The expenses for KPMG Accountants N.V. relating to audit fees amounted to 109 thousand euros in 2022 and 69 thousand euros in 2021.

No expenses relating to other audit-related services, tax services or other non-audit services occurred in 2022 and also 2021.

The fees listed above relate to the procedures applied to the Company by accounting firms and external independent auditors as referred to in Section 1(1) of the Dutch Accounting Firms Oversight Act (Dutch acronym: Wta), as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups.

44. Related Party Disclosures

REWE International Finance B.V., Venlo, is a subsidiary of KGaA, holding 100 per cent of the interests and voting rights in the Company. Until 31 October 2022 KGaA held 66,6 per cent and the remaining 33,4 per cent was held by RZAG. As part of a project within REWE Group with the aim of simplifying corporate law structures within the central companies RZAG exchanged its shares in RIF and REWE Markt GmbH for shares in KGaA. KGaA is in turn subsidiary of RZF. The companies belong to the corporate group of RZF, and other persons are therefore considered as related parties of the Company. Other parties comprise the Company's Management Board and the Supervisory Board.

The Company's parent company is KGaA. The Company's top-level parent company is RZF. The Group financials statements of RZF are deposited at the Chamber of Commerce Cologne and are also available at REWE Group headquarters in Domstrasse 20, 50668 Cologne.

All transactions with related parties are arm's length transactions. Interest rates for deposits and loans are based on the Euribor or the relevant country-specific reference interest rate.

The following table shows the volume of the main services provided to or received from related parties:

in Thousand Euros	Value of Services Provided	
	2022	2021
parent company	2.196	1.662
top-level parent company	29.990	30.382
related parties	125.875	113.598

in Thousand Euros	Value of Services Received	
	2022	2021
parent company	6.124	5.219
top-level parent company	6.518	7.720
related parties	45.499	37.395

The services provided to the top-level parent company include interest totalling 27.489 thousand euros (2021: 26.117 thousand euros) from loan agreements between the Company and the top-level parent company. The increase is caused by interest generated from Inhouse Cash.

The major part of the value of the services provided to related parties results from loan interest rates totalling 121.337 thousand euros (2021: 66.917 thousand euros).

The services received from the parent company concern fees for different guarantees granted by the parent company in favour of the Company. Cf. notes in **Section 26** (Financial Risk Management).

On the balance sheet date there were receivables from and liabilities to related parties as follows:

in Thousand Euros	31 Dec. 2022	31 Dec. 2021
Receivables from the parent company	193.324	106.525
Receivables from the top-level parent company	944.794	1.785.532
Receivables from related parties	6.607.878	5.902.601

In Thousand Euros	31 Dec. 2022	31 Dec. 2021
Liabilities to the parent company	3.137	2.661
Liabilities to the top-level parent company	42.628	3.980
Liabilities to related parties	4.145.651	3.973.109

Receivables from related parties almost exclusively include loan receivables.

Liabilities to related parties are almost completely attributable to existing loan agreements. They are not secured.

Total remuneration for members of the management board amounts to 575 thousand euros (2021: 370 thousand euros). The increase is caused by a structural amendment in the remuneration process for two other Managing Directors in October 2021.The total amount results from short-term benefits.

Expenses for defined contribution plans for management board members amounted to 22 thousand euros (2021: 6 thousand euros).

No remuneration for members of the Supervisory Board was paid.

45. <u>Post balance sheet events</u>

There were no significant events after the end of the reporting year by the time these financial statements were released.

Venlo, 12 June 2023

Management Board of RIF:	Supervisory Board of RIF:
H. Schäfer	Dr. K. Wirbel
T. Clemens	T. Schischmanow
R. Ton	M. Tonn
H. Walboomers	B. Schnabel
P. Steeghs	N. Klüssendorf
C. Stolz	C. Matschke
	M. Czoske

Other information

Other information

Profit appropriation according to the Articles of Association

According to Article 23 of the Articles of Association the profit for the year is at the disposal of the General Meeting of Shareholders. Furthermore, Dutch law prescribes that any profit distribution may only be made to the extent that the shareholders' equity exceeds the amount of the issued capital and the legal reserves.

Independent Auditor's report

The Company meets the criteria of a large sized company. Consequently the Company is obliged to be audited according to Article 396 of the Dutch Civil Code, book 2, title 9. The company has appointed KPMG Accountants N.V. to perform the audit.

The independent Auditor's report is presented on the next page.

KPMG

Independent auditor's report

To: the General Meeting and the Supervisory Board of REWE International Finance B.V.

Report on the audit of the accompanying financial statements

Our opinion

We have audited the financial statements 2022 of REWE International Finance B.V., based in Venlo. The financial statements include the consolidated financial statements and the separate financial statements.

In our opinion:

— the accompanying consolidated financial statements give a true and fair view of the financial position of REWE International Finance B.V. as at 31 December 2022 and of its result and its cash flows for the year 2022 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;

— the accompanying separate financial statements give a true and fair view of the financial position of REWE International Finance B.V. as at 31 December 2022 and of its result for the year 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1 the consolidated statement of financial position as at 31 December 2022;

2 the following consolidated statements for the year 2022: income statement and statement of other comprehensive income, cash flows and changes in equity; and

3 the notes comprising a summary of the significant accounting policies and other explanatory information.

The separate financial statements comprise:

1 the separate statement of financial position as at 31 December 2022;

2 the separate statement of profit and loss for the year 2022; and

3 the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of REWE International Finance B.V. in accordance with the ‘Wet toezicht accountantsorganisaties’ (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of fraud and non-compliance with laws and regulations and going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

Audit response to the risk of fraud and non-compliance with laws and regulations

In the paragraph “Fraud risk” and “Uncertainties to future amendments to law and regulations” of the chapter “Risk Management” of the Management’s report, the Management Board describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations.

As part of our audit, we have gained insights into the Company and its business environment of the Company’s risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Company’s code of conduct, whistleblowing procedure and its procedures to investigate indications of possible fraud and non-compliance. Furthermore, we performed relevant inquiries with management and other relevant functions, such as compliance department and the Management Board and the Supervisory Board of REWE International Finance B.V. As part of our audit procedures, we:

- made inquiries with the Management Board about possible other positions held by its members and/or other employees and paid special attention to procedures and governance/compliance in view of possible conflicts of interest;
- evaluated correspondence with compliance department as well as legal confirmation letters.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the Company and identified the following areas as those most likely to have a material effect on the financial statements:

- anti-bribery and corruption laws and regulations;
- anti-money laundering and terrorist financing laws and regulations.

We evaluated the fraud and non-compliance risk factors to consider whether those factors indicate a risk of material misstatement in the financial statements.

Further, we assessed the presumed fraud risk on revenue recognition as irrelevant, since the Company's sole significant source of income is finance income. Such finance income is derived from loan agreements with the group companies. As a consequence, we did not identify an incentive or pressure for the Management Board to achieve certain results or specific financial income targets and there appears to be limited perceived opportunity to commit a material fraud in this area.

Based on the above, we identified the following presumed fraud risk laid down in the auditing standards, and responded as follows:

Management override of controls (a presumed risk)

Risk:

— Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Responses:

— We evaluated the design and the implementation of internal controls that mitigate fraud, such as processes related to journal entries and estimate on recoverability of loans and receivables from group companies.

— We performed a data analysis of high-risk journal entries and evaluated judgments for bias by the Company's management. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.

— We inspected all minutes and resolutions of the Company to search for indications of fraud and for significant transactions that are outside the Company's normal course of business, or are otherwise unusual.

— We incorporated elements of unpredictability in our audit, including search for negative news regarding the Company.

We communicated our risk assessment, audit responses and results to Management Board and the Supervisory Board.

Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

Audit response to going concern

The Management Board has performed its going concern assessment and has not identified any going concern risks. To assess the Management Board's assessment, we have performed, inter alia, the following procedures:

— we considered whether the Management Board's assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit, including the possible impact of the Russia Ukraine conflict;

- we inspected the financing agreement in terms of conditions that could lead to going concern risks, including the term of the agreement and any covenants;
- we analysed the Company's financial position as at year-end, including the portion of the Company's debt approaching maturity within the coming 12 months, in terms of indicators that could identify going concern risks.
- we considered whether the outcome of our audit procedures to determine the recoverability of loans and receivables, that are guaranteed by REWE Group (the Parent Company), could indicate a going concern risk.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on Management Board's going concern assessment.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code regarding the management report and the other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Management Board is responsible for the preparation of the other information, including the management report, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of the responsibilities for the financial statements

Responsibilities of the Management Board and the Supervisory Board for the financial statements

The Management Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Management Board is responsible for such internal control as the Management Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, the Management Board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Management Board should prepare the financial statements using the going concern basis of accounting unless the Management Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Management Board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

— identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

— evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board;

— concluding on the appropriateness of Management Board's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company ceasing to continue as a going concern;

- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are solely responsible for the opinion and therefore responsible to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. In this respect we are also responsible for directing, supervising and performing the group audit.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amstelveen, 12 June 2023

KPMG Accountants N.V.

G.L. Brewster RA