Annual report 2023

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. RIF is registered in the Limburg Commercial Register under No. 34174603.

As at 31 December 2023, the RIF Group comprises 1 (previous year: 1) 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)

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 applied in April 2022 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. The license was granted on 13 September 2023.

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

Macro-economic development

Global economic growth lost momentum in 2023 after a strong start. The recovery after the coronavirus pandemic was slowed by the long-term effects of the war in Ukraine, for example in the form of high energy and food prices. The strongest recovery among the economies was recorded in the USA with robust consumer and investment behaviour, while the eurozone was significantly weaker, primarily due to the adverse effects of the war in Ukraine and rising energy prices. Many emerging markets proved surprisingly resilient and developed positively, and although China had to contend with the consequences of the property crisis and dwindling confidence, its economy grew surprisingly strongly. Overall, the global economy benefited from the development of service-orientated countries, as the service sector continued its sustained recovery, while many production-intensive economies "weakened". A more restrictive monetary policy worldwide to curb high inflation rates had a dampening effect on the global economy, as high interest rates significantly reduced companies' willingness to invest and high inflation rates and the associated loss of real income significantly reduced private households' willingness to consume. Overall, the global economy recorded growth of 3.1 per cent (previous year: growth of 3.5 per cent).

Economic output in the eurozone fell sharply in 2023 after a significant increase in the previous year, recording growth of 0.5 per cent. This was due to subdued private consumption, declining exports of goods and falling investment in residential construction due to higher interest rates. The positive trend in equipment investment and investment in non-residential buildings, which increased in many countries due to government stimulus as part of the NextGenerationEU programme, was unable to compensate for this negative development. Overall, development in the individual countries was very mixed. The sharp fall in energy prices compared to the previous year dampened overall inflation, while core inflation did not fall significantly. The European Central Bank (ECB) has been raising key interest rates significantly since the middle of last year in order to curb historically high inflation.

According to the latest figures from the Dutch statistics office CBS, the Dutch economy grew by a minimal 0.1 per cent last year and is therefore out of recession. Despite a decline in inflation and wage increases over the course of the year, there was no recovery in private consumption until Q4.2023, partly because private households saved rather than utilising their increased purchasing power for spending. According to the CBS, the increase in GDP in the fourth quarter 2023 is mainly due to private household consumption, which again spent 1.8 per cent more money on goods, particularly clothing, as well as services and other goods compared to the third quarter 2023. In particular, the Dutch spent significantly more money on culture, leisure and holidays in the fourth quarter. Consumers only spent less on food. World trade and global industrial production also failed to provide any impetus; Dutch exports continued to decline until recently, partly because the economies of the Netherlands's most important trading partners weakened. The ECB's interest rate hikes to combat inflation also caused the partially overheated Dutch property market to cool down, which led to a decline in investment in residential construction. The only stimulus came from government investment. Overall, the economy has cooled noticeably since the beginning of the year, and the recovery expected for the second half of the year failed to materialise. Both exports, down 1.3 per cent, and imports, down 0.8 per cent, fell, resulting in a negative trade balance for 2023.

Overview of activities during the year

The total assets increased from 6.725.952 thousand euros at 31 December 2022 to 8.252.131 thousand euros at 31 December 2023. The net interest income for the year amounted to 72.572 thousand euros (previous year 68.161 thousand euros).
At year-end 2023 the RIF Group had cash and cash equivalents amounting to 49.187 thousand euros (previous year 19.534 thousand euros).

In September 2023, the RIF Group issued a sustainability-linked bond with a volume of 900.000 thousand euros and a coupon of 4.875 per cent via the Company. The bond has a term of seven years and is due for repayment on 13 September 2030. As part of this bond, two affiliated REWE Group companies REWE Markt GmbH, Cologne, and PENNY Markt GmbH, Cologne, undertake to meet three CO2 reduction targets in accordance with the criteria of the Science Based Targets initiative (SBTi). If the targets are not met by 2029, an increased repayment amount will be due.

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 2022 were considered and adopted by the shareholders at the Annual General Meeting on 6 June 2023, 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 2023, the RIF Group recorded a profit of 10.244 thousand euros (for the year 2022 a profit of 6.774 thousand euros). The financial result for the year 2023 is 21.413 thousand euros (2022 11.125 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 1.073 thousand euros from 138.242 thousand euros as per 31 December 2022 to 139.315 thousand euros as per 31 December 2023. No dividend was paid in 2023.

As the RIF Group applied Cash Flow Hedge Accounting, the net equity is impacted by -9.172 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 14 employees in 2023 (2022: average of 12 employees). The management board of the Company consisted of six managing directors until 8 November 2023. From 9 November 2023 on the Management Board consists of four managing directors and is assisted by one Proxyholder.

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 existed 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 compensated 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. The guarantee agreement was terminated as per 30 June 2023.
RZF and RIF concluded a new guarantee agreement from 1 July 2023 on with regard to the loan receivables of RIF vis-à-vis the companies of the REWE Group. According to this new guarantee agreement RZF compensates any loss due to default with regard to the lower of 1 per cent of the total amount of such loan receivables or above the basic amount of 70,0 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 2023 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 814.533 thousand euros (2022: 1.068.000 thousand euros), the actual exposure to fair value interest rate risk of loan payables based on fixed interest rate contracts amounted to 1.817.986 thousand euros (2022: 1.163.000 thousand euros).

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

in thousand euros	31.12.2023	31.12.2022
Fixed-rate instruments	**Carrying amount**	**Carrying amount**
Financial assets	814.533	1.068.000
Financial liabilities	-1.817.986	-1.163.000
total	**-1.003.453**	**-95.000**
Variable rate instruments	**Carrying amount**	**Carrying amount**
Financial assets	7.353.407	5.561.092
Financial liabilities	-6.238.695	-5.362.466
total	**1.114.712**	**198.626**

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 were 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. As the interest rate swaps were terminated prematurely on 30 June 2023, ineffectiveness resulted in the amount of 2.344 thousand euros. An amount of 1.439 thousand euros was recognised as amortisation gain for the year 2023.

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 11.147 thousand euros (previous year: increase of 1.954 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 11.147 thousand euros (previous year: decrease of 1.954 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	31.12.2023	31.12.2022	End of loan period
Syndicated loan 2018*	2.500.000	2.500.000	3 December 2025
Sustainability-linked bond*	900.000	0	13 September 2030
Promissory note Bond 2018**	639.500	938.000	28 February 2023 until 28 February 2028
Promissory note Bond 2019***	153.500	153.500	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	**4.398.000**	**3.796.500**	

* 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	31.12.2023	31.12.2022	End of loan period
Syndicated loan 2018*	767.356	985.500	3 December 2025
Sustainability-linked bond*	900.000	0	13 September 2030
Promissory note Bond 2018**	639.500	938.000	28 February 2023 until 28 February 2028
Promissory note Bond 2019***	153.500	153.500	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	**2.665.356**	**2.282.000**	

The RIF Group has a syndicated loan of 2.5 billion euros, which includes credit lines of 625,000 thousand euros (in year 2022: 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 500,000 thousand euros as at the current balance sheet date (previous year's balance sheet date: 700,000 thousand euros). The credit lines were utilised in the amount of 267,000 thousand euros (previous year: 285,500 thousand euros) as at the balance sheet date. In the reporting period, repayment totalling 298,500 thousand euros was made for the promissory note loan of 938,000 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 REWE 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 female candidates on the Company’s Management Board as well as on the Supervisory Board. From 1 January 2024 on Mrs. Alexandra Draxler-Zima is a member of the Company’s 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 forecast for 2024 predicts global economic growth of 3.1 per cent. The expected fall in inflation to 5.8 per cent and rising real incomes are likely to fuel consumer spending by private households, meaning that private consumption is expected to be a key pillar of the economic recovery. Global trade in goods and industrial production will regain momentum as companies reduce their inventories. By contrast, economic development in China could have a dampening effect, where the crisis in the property sector is weakening private household incomes due to its high macroeconomic significance for value creation. It is assumed that the central banks in the USA and the eurozone will cut key interest rates in order to support overall economic demand, but real interest rates in many countries will remain at a higher level than before the pandemic. It is unclear how the attacks by the Houthi militias on the cargo routes in the Red Sea will affect the global economy - in addition to delays in deliveries, freight prices are likely to rise significantly.

GDP growth of 0.7 per cent is forecast for the eurozone in 2024. Economic momentum is expected to increase over the course of the year. Private consumption, which will benefit from higher real incomes, will be a key driver of growth. Positive impetus is also expected from foreign demand as well as from investments, which will be stimulated by falling financing costs. Core inflation is likely to fall further in the coming months, as nominal wage growth will remain high but is likely to have peaked. In addition, energy prices are expected to dampen general inflation, meaning that the inflation rate will fall to 2.4 per cent and reach the ECB's targets again in 2025.

According to forecasts by the International Monetary Fund (IMF), the Netherlands' gross domestic product (GDP) will grow by 0,6 per cent in 2024. On the one hand, the slight recovery in 2024 is likely to be due to shrinking inflation. According to forecasts, inflation rate is set to fall to 2,7 per cent in 2024 and then to 2 per cent in 2025. At the same time, nominal wage growth is expected. Overall, these trends are likely to lead to a significant increase in domestic demand. The economies of the most important trading partners are also expected to recover, which could have a positive impact on exports.

The management expects a decrease in the RIF Group's pre-tax result for 2024 due to the development of interest rates. 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, 22 May 2024

Management Board of RIF:	Supervisory Board of RIF:
T. Clemens	Dr. K. Wirbel
H. Walboomers	T. Schischmanow
P. Steeghs	M. Tonn
C. Stolz	B. Schnabel
	N. Klüssendorf
	M. Czoske
	A. Draxler-Zima
	M. Peffek

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 2023

in Thousand Euros	Notes No.	2023	2022
Interest income	8	319.525	122.468
Interest expenses	8	-246.953	-54.307
Net result from interest		72.572	68.161
Result from derivative financial instruments	9	-29.655	-38.990
Other financial profit or loss	10	-21.505	-18.046
Financial result		21.413	11.125
Other administrative income		38	92
Personnel expenses	11	-1.403	-1.127
Depreciation, Amortisation and Impairments		-95	-65
Other adminstrative expenses	12	-5.765	-4.318
Administrative result		-7.225	-5.418
Profit before taxes on income		14.188	5.708
Taxes on income	13	-3.944	1.066
Profit for the year		**10.244**	**6.774**
Profit attributable to:			
-Owner		10.244	6.774
-Non-controlling interest		0	0
Profit for the year		**10.244**	**6.774**
Gains and losses from cash flow hedges		-12.554	51.132
thereof to be reclassified to the income statement at a later date		-12.554	51.132
Deferred taxes on aforementioned gains or losses reported under other comprehensive income		3.382	-13.335
thereof to be reclassified to the income statement at a later date		3.382	-13.335
Other comprehensive income		**-9.172**	**37.797**
Profit attributable to:			
-Owner		-9.172	37.797
Total Comprehensive income		**1.072**	**44.571**

The notes on pages 24 to 81 are an integral part of these consolidated financial statements.

REWE International Finance B.V., Venlo

Consolidated statement of financial position as at 31 December 2023

Before proposed profit appropriation

in Thousand Euros	Notes No.	31 December 2023	31 December 2022
Property, plant and equipment	14	346	274
Long-term Financial assets	15	666.909	851.112
Deferred tax assets	16	5	126
Non-current assets		**667.260**	**851.512**
Short-term Financial assets	15	7.535.684	5.854.049
Current tax receivables	16	0	856
Cash and cash equivalents	17	49.187	19.534
Current assets		**7.584.871**	**5.874.441**
Total assets		**8.252.131**	**6.725.952**

The notes on pages 24 to 81 are an integral part of these consolidated financial statements.

REWE International Finance B.V., Venlo

Consolidated statement of financial position as at 31 December 2023

Before proposed profit appropriation

in Thousand Euros	Notes No.	31 December 2023	31 December 2022
Share capital	18	2.000	2.000
Retained earnings	18	102.544	95.770
Result for the year	18	10.244	6.774
Reserve for cash flow hedges	18	33.055	45.609
Deffered tax reserve	18	-8.528	-11.910
Shareholders' equity		**139.315**	**138.242**
Long-term Employee benefits	19	41	32
Long-term Other provisions		12	12
Long-term Financial liabilities	20	1.750.760	1.075.594
Deferred tax liabilities	22	8.749	12.238
Non-current liabilities		**1.759.562**	**1.087.876**
Short-term Employee benefits	19	126	125
Current tax liabilities		1.439	0
Short-term Financial liabilities	20	6.338.000	5.490.002
Trade payables	21	12.997	9.104
Other liabilities	23	692	603
Current liabilities		**6.353.254**	**5.499.833**
Total equity and liabilities		**8.252.131**	**6.725.952**

The notes on pages 24 to 81 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 2023

in Thousand euros	Notes No.	2023	2022
Profit for the year		10.244	6.774
Adjustments for non-cash items		**18.405**	**-11.954**
Financial Profit		12.744	-11.126
Expected credit loss for financial assets		1.717	238
Taxes on income	13	3.944	-1.066
Changes in operating assets and liabilities			
Increase in financial assets ans other assets		-1.509.516	-723.876
Increase in financial and other liabilities		977.361	165.548
Cash flow from currency derivatives		-59.626	-32.789
Cash inflow from interest derivatives		32.565	0
Cash flow from loans granted to related parties		-88.542	6.118
Interest received		304.975	112.543
Interest paid		-202.373	-43.953
Income tax received/(paid) (net)		-1.654	509
Cash used for operating activities		**-518.160**	**-521.080**
Cash Flow for Investing Activities		**-167**	**-143**
Change in financing assets and liabilities			
Cash inflow from passing on of loan fees		1.754	2.727
Cash outflow from loan fees and guarantee commissions		-2.702	-3.708
Cash outflow for transactions cost relating to loan and borrowings		-394	-1.112
Cash flow from taking out and repayment of financial loans		548.167	527.390
Currency translation differences		564	27
Cash provided from financing activities		**547.389**	**525.324**
Change in cash and cash equivalents		**29.062**	**4.101**
Cash and cash equivalents at the beginning of year		**19.534**	**14.754**
Effects of movements in exchange rates on cash held		**591**	**679**
Cash and cash equivalents at the end of year		**49.187**	**19.534**

The notes on pages 24 to 81 are an integral part of these consolidated financial statements.

Additional Notes to the Cash Flow statement are disclosed on pages 62 to 63.

REWE International Finance B.V., Venlo

Consolidated Statement of Changes in Equity for the year from 1 January to 31 December 2023

Before proposed profit appropriation

				Other reserves		
in Thousand Euros	**Share Capital**	**Retained Earnings**	**Result for the year**	**Reserve for cash flow hedges**	**Deferred tax reserve**	**Total**
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**
As of 1 January 2023	2.000	95.769	6.774	45.609	-11.910	138.242
Distribution of profit 2022	0	6.774	-6.774	0	0	0
Profit and other comprehensive income for the year	0	0	10.244	-12.554	3.382	1.072
Closing Balance as of 31 December 2023	**2.000**	**102.543**	**10.244**	**33.055**	**-8.528**	**139.315**

The notes on pages 24 to 81 are an integral part of these consolidated financial statements.

REWE International Finance B.V., Venlo (The Netherlands)

Notes to the consolidated financial statements for the year ended at 31 December 2023

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 subsidiary (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 2023, which ended at the balance sheet date of 31 December 2023 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 82 to 95.

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 2023 or later have been taken into consideration. The annual financial statements of 31 December 2023 are also prepared in accordance with Book 2, Title 9 of the Dutch Civil Code.

The consolidated statement of profit or loss and other comprehensive income 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 22 May 2024.

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

The following accounting standards were applied for the first time in the 2023 financial year:

First-time application	Name or modified standards
1 January 2023	IFRS 17 Insurance Contracts[1]
	Disclosures on accounting policies - amendments to IAS 1 and IFRS Practice Statement[1]
	Definition of accounting estimates - Amendments to IAS 8[1]
	Deferred taxes relating to assets and liabilities arising from a single transaction - amendments to IAS 12[1]
23 May 2023[2]	Reform of the international tax system - model provisions for Pillar 2 - amendments to IAS 12

[1]The standard, the amendment to the standard or the interpretation have no or only insignificant effects.
[2] The amendments introduce a simplification in the accounting for deferred taxes in connection with the global minimum taxation under Pillar 2, which applies immediately since its publication on 23 May 2023, as well as new disclosure requirements regarding the impact of Pillar 2, which apply from 31 December 2023. No disclosures are required in interim reporting periods ending on or before 31 December 2023.

The amendments to IAS 12 - Deferred taxes relating to assets and liabilities arising from a single transaction - were already applied in the 2021 financial year.

The amendment to IAS 12 - Reform of the International Tax System - introduces a temporary, mandatory exemption from recognising deferred taxes resulting from the introduction of global minimum taxation. Secondly, the amendments provide for specific disclosure requirements for affected companies in order to enable users of financial statements to understand the extent to which a company is (currently and in the future) affected by minimum taxation.

There are no material effects on the consolidated financial statements of RIF Group.

Published New and/or Amended Financial Reporting Standards that Have Not Been Adopted in the Financial Year 2023

The following new standards and interpretations as well as amendments to existing standards were issued by the IASB but were not yet mandatory in the 2023 financial year, provided they had already been adopted into European law. Any option to voluntarily apply these accounting standards early was not utilised.

First-time application	Name or modified standards
1 January 2024	Non-current liabilities with ancillary conditions and classification of liabilities as current or non-current - amendments to IAS 1
	Lease liabilities from a sale and leaseback transaction - amendments to IFRS 16
	Supplier Financing Arrangements - Amendments to IAS 7 and IFRS 7
1 January 2025	Lack of exchangeability - amendments to IAS 21

The RIF Group currently assumes that the interpretations to be applied in future will not have any significant impact on the consolidated financial statements.

The abovementioned 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.

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Basis for preparation

3. Consolidation

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

A subsidiary is an entity 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 consolidated statement of profit and loss 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 audit, a total of 2 legal entities (REWE International Finance B.V. and pay.cetera B.V) were included in the consolidated financial statements. On 16 February 2022 a 100 per cent subsidiary of RIF, pay.cetera B.V., was established.

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 in-house bank of the REWE Group.

The financing activities consist of the following:

i. Financing group companies;

ii. In-house bank and cash pooling;

iii. REWE 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. The license was received in 2023. After organisational set-up pay.cetera B.V. will offer different services within and outside the REWE Group. The segment "pay.cetera" is not seen as a reportable segment in year 2023.

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

in Thousand Euros	2023	2022
Interest income by geography		
Germany	208.856	67.458
Austria	38.274	247
Hungary	23.756	11.540
Romania	22.877	29.510
Other	25.762	13.713
Total	**319.525**	**122.468**

	2023	2022
Interest expense by geography		
Germany	143.925	42.769
Austria	47.984	1.951
The Netherlands	17.623	2.436
Luxembourg	13.032	0
Other	24.389	7.151
Total	**246.953**	**54.307**

	2023	2022
financial assets by geography		
Germany	6.146.335	5.782.197
Austria	1.039.332	9.466
Romania	311.923	341.187
Czech Republic	226.671	184.485
Hungary	147.510	195.127
Other	330.821	192.700
Total	**8.202.593**	**6.705.161**

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	2023	2022
financial liabilities by geography		
Germany	4.751.861	5.105.708
Austria	1.241.858	260.486
Luxembourg	908.390	0
The Netherlands	582.329	789.602
Switzerland	127.372	92.566
Other	476.948	320.766
Total	**8.088.760**	**6.569.128**

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.

Currency conversion rates of countries not participating in the European Monetary Union

ISO code	Country	Currency	Closing rate per €		Average rate per €	
			31.12.2023	31.12.2022	2023	2022
AED	United Arab Emirates	Dirham	**4,058**	3,917	**3,971**	3,867
AUD	Australia	Dollar	**1,626**	1,569	**1,629**	1,517
BGN	Bulgaria	Lew	**1,956**	1,956	**1,956**	1,956
CAD	Canada	Dollar	**1,464**	1,444	**1,459**	1,370
CHF	Switzerland	Franconia	**0,926**	0,985	**0,972**	1,005
CNY	China	Yuan	**7,851**	7,358	**7,660**	7,079
CZK	Czech republic	Crown	**24,724**	24,116	**24,004**	24,567
DKK	Denmark	Crown	**7,453**	7,437	**7,451**	7,440
EGP	Egypt	Pound	**34,159**	26,399	**33,158**	20,164
GBP	Great Britain	Pound	**0,869**	0,887	**0,870**	0,853
HKD	Hong Kong	Dollar	**8,631**	8,316	**8,465**	8,247
HRK	Croatia*	Kuna	**0,000**	7,537	**0,000**	7,535
HUF	Hungary	Forint	**382,800**	400,870	**381,853**	391,201
INR	India	Rupee	**91,905**	88,171	**89,300**	82,688
JPY	Japan	Yen	**156,330**	140,660	**151,990**	137,998
MAD	Morocco	Dirham	**10,928**	11,158	**10,956**	10,678
NOK	Norway	Crown	**11,241**	10,514	**11,425**	10,102
NZD	New Zealand	Dollar	**1,750**	1,680	**1,762**	1,658
PLN	Poland	Zloty	**4,340**	4,681	**4,542**	4,686
QAR	Qatar	Riyal	**4,022**	3,882	**3,936**	3,833
RON	Romania	Leu	**4,976**	4,950	**4,947**	4,931
SEC	Sweden	Crown	**11,096**	11,122	**11,479**	10,628
SGD	Singapore	Dollar	**1,459**	1,430	**1,452**	1,451
THB	Thailand	Baht	**37,973**	36,835	**37,631**	36,859
TND	Tunisia	Dinar	**3,394**	3,322	**3,356**	3,251
USD	USA	Dollar	**1,105**	1,067	**1,081**	1,053
ZAR	South Africa	Edge	**20,348**	18,099	**19,955**	17,212

* from 2023 Currency Euro

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 asset 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 IFRS 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 IFRS 9. 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 (FVTPL 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 FVTPL 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 business are 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, but 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 credit losses ("ECL") 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, for both secured and unsecured parts. 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 existed 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. The guarantee agreement was terminated as per 30 June 2023.
RZF and RIF concluded a new guarantee agreement from 1 July 2023 on with regard to the loan receivables of RIF vis-à-vis the companies of the REWE Group. According to this new guarantee agreement RZF compensates any loss due to default with regard to the lower of 1 per cent of the total amount of such loan receivables or above the basic amount of 70,0 million euros.
Due to the guarantee structure the Company made an impairment of 1.717 thousand euros at year-end 2022 (238 thousand euros at year-end 2022).

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 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.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

No impairment was recognized at 31 December 2023 (2022: nil).

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 consolidated statement of profit and loss and other comprehensive income 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.

The RIF Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The Group has determined that the global minimum top-up tax - which it is required to pay under Pillar Two legislation - is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

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 has 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.

<u>Other Provisions</u>

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.

<u>Other Financial Liabilities</u>

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.

Initially the lease liability is measured at the present value of the lease payments not yet made at the Commencement Date and shall be discounted at the interest rate the lease is based on or, if this cannot be easily determined, at the Company's incremental 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 right-of-use asset has been reduced to zero.

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

<u>Contingent Liabilities and Assets</u>

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 assets are not recognised in the balance sheet but are only explained in the notes.

<u>Accounting for Derivative Financial Instruments and Hedging Relationships</u>

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 through other comprehensive income.

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.

<u>Determination of Fair Value</u>

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 of financial assets (including ECL) - refer to Note 6, Section d) *Impairments*

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. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022
Currency swaps	25.533	29.293	27.725	39.518
Interest derivatives	4.827	46.163	0	0
Commodity trades	3.794	613	3.794	613
Total	**34.154**	76.069	**31.519**	40.131

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 commodity 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 2023 is 4.827 thousand euros (2022: 46.163 thousand euros). The Company applies Cash Flow Hedge accounting in this regard.

Notes to Consolidated Statement of Profit or Loss and Other Comprehensive income

8. Net Result from interest

The net interest result can be broken down as follows:

in Thousand Euros	2023	2022
Interest income from loans	310.407	121.932
Other interest income	1.396	536
Interest income for interest swaps	7.722	0
Interest expenses for loans	-239.819	-51.775
Interest expenses for interest swaps	-3.036	-1.404
Other interest expenses	-4.093	-1.120
Leasing interest expenses	-5	-7
Total	**72.572**	**68.161**

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.

Interest income from financial instruments which are not measured at fair value through profit or loss amounts to 318.129 thousand euros (2022: 121.932 thousand euros), whilst the corresponding interest expenses amount to 243.126 thousand euros (2022: 53.179 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	2023	2022
Income from derivatives	135.165	185.263
Expenses for derivatives	-164.820	-224.252
Total	**-29.655**	**-38.990**

The decrease of net negative result of the derivatives is partly due to the realisation of the ineffective portion of the interest swaps early terminated in summer 2022 and partly due to the still ongoing 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	2023	2022
Exchange rate gains from financing activities	64.725	44.989
Income from the passing on of loan fees	3.977	4.511
Exchange rate losses from financing activities	-67.022	-46.284
Expenses for loan fees	-4.192	-4.707
Expenses for guarantee commissions	-18.993	-16.555
Total	**-21.505**	**-18.046**

Exchange gains and losses from financing activities increased proportionately. The net effect of the increase amounts to -1.002 thousand euros in 2023.

Expenses for guarantee commissions mainly relate to a guarantee on the part of RZF (until 30 June 2023 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 in the Note 25 “Financial Risk management”.

11. Personnel Expenses

Personnel expenses can be broken down as follows:

in Thousand Euros	2023	2022
Wages and salaries	1.255	1.014
Social security contributions and expenditures for support	148	112
Total	**1.403**	**1.126**

During the 2023 financial year, the average number of staff employed by the Company, converted into full-time equivalents, amounted to 14 people (2022: 12 people).

All employees work in the Netherlands.

In the reporting year, expenses for defined contribution plans amounted to 83 thousand euros (2022: 59 thousand euros).

12. Other Administrative Expenses

Other administrative expenses can be broken down as follows:

in Thousand Euros	2023	2022
Expenses for expected credit losses under IFRS 9	1.717	238*
Expenses for EMI-License and ISO certification	1.003	1.506
Legal costs	343	641
IHC Services	481	546
Expenses for services provided by REWE Group companies	647	543
Financial and monetary transaction costs	210	196
Expenses for audit of financial statements	244	168
IT costs	130	290
Expenses for tax consultancy	215	147
Insurances	12	39
Expenses for company cars	58	54
Occupancy costs	37	15
Other taxes	224	56
Renovation costs	88	0
Other miscellaneous administrative expenses	356	118
Total	**5.765**	**4.318**

* presented under interest expenses in year 2022

Expenses for expected credit losses under IFRS 9 reflect the default risk of debt instruments assigned to the "at amortised cost” category. They are measured using a three-stage impairment model. The model includes forward-looking inputs and reflects significant increases in credit risk.

The decrease of expenses for the EMI license and the ISO 27001 Certification is due to a change in the cost allocation scheme between RIF Group and REWE Group headquarters.

The expenses for audit of financial statements disclosed in the table above was charged by KPMG Accountants N.V to the Company and its subsidiary as referred to in section 2:328(a) of (1) and (2) of the Dutch civil code.

No expenses relating to other audit related, tax services or other non-audit services occurred in 2023 and 2022.

Other taxes mainly contain Withholding taxes in connection with loans to REWE Group companies in Bulgaria and Thailand.

13. Taxes on Income

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

in Thousand Euros	2023	2022
Current tax expenses		
thereof taxes on income for the reporting year	-3.950	-1.613
Current tax expense/ income for previous years	18	2.544
Deferred tax income	-13	135
Total	**-3.944**	**1.066**

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

in Thousand Euros	2023	2022
Profit before taxes on income	14.188	5.708
Anticipated tax rate:	25,80%	25,80%
Anticipated tax expense	-3.661	-1.473
Effects of different tax rates	38	59
Effects of tax for previous years	18	2.544
Effects remuneration USPP	-58	-58
Other effects	-281	-6
Total tax expenses	**-3.944**	**1.066**

The applicable tax rate in the Netherlands for the financial statements is 25,8 per cent (2022: 25,8 per cent), while the effective tax rate is 27,61 per cent (2022 18,68 per cent) Effect of changes in tax rates is caused by the fact that over the first 200 thousand euros profit (2022: EUR 395), the tax rate is 19 per cent (2022: 15 per cent) and over the profit more than 200 thousand euros, the tax rate is 25.8 per cent.

Notes to the Consolidated Statement of Financial Position

14. Property, Plant and Equipment

Property, plant and equipment developed as follows during the financial year 2023:

In Thousand Euros	Plant and Equipment
Cost of Acquisition	
As of 1 January 2022	498
Additions	143
Disposals	-47
As of 31 December 2022	594
As of 1 January 2023	594
Additions	167
Disposals	-72
As of 31 December 2023	689
Accumulated Depreciation	
As of 1 January 2022	303
Additions	65
Disposals	-48
As of 31 December 2022	320
As of 1 January 2023	320
Additions	95
Disposals	-72
As of 31 December 2023	343
Carrying amount on 31 December 2022	274
Carrying amount on 31 December 2023	346

Depreciation of the Right of use for office lease 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 now end on 16 April 2026, if not extended.

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

in Thousand Euros	31 Dec. 2023	31 Dec. 2022
Up to one year	40	40
More than one year to five years	56	96
Future payments on operating leases	96	136

Depreciation is reported in the consolidated statement of profit or loss in the item “Depreciation, Amortisation and Impairments”.

15. Financial Assets

Financial assets can be broken down as follows:

in Thousand Euros	Remaining Term of		31 Dec.2023	Remaining Term of		31 Dec.2022
	Up to 1 Year	More than 1 Year	Total	Up to 1 Year	More than 1 Year	Total
Receivables						
-thereof against Group Companies	7.457.362	662.082	8.119.444	5.739.328	841.363	6.580.691
-thereof against third parties	47.047	0	47.047	47.853	0	47.853
Derivative financial instruments						
-thereof against Group Companies at fair value through P/L	20.720	0	20.720	18.633	0	18.633
-thereof against third parties at fair value through P/L	8.607	0	8.607	11.274	0	11.274
-thereof against third parties Used for Hedging	0	4.827	4.827	36.414	9.749	46.163
Receivables from derivative accrued interest	1.947	0	1.947	547	0	547
Total	7.535.684	666.909	8.202.593	5.854.049	851.112	6.705.161

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. The outstanding nominal amount as per 31 December 2023 is 601.500 thousand euros and is presented in the category “Receivables from Group companies”. Group companies include all companies in the scope of consolidation within the REWE Group.

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.

Long-term loan receivables are only dominated in EURO.

The short-term loan receivables concern a number of loans with different terms and interest rates. The increase in 2023 is due to a higher volume of InhouseBank activities with Austrian companies of REWE Group.

A loan granted to REWE-ZENTRALFINANZ eG, Cologne (Germany), amounting to 175.000 thousand euros ends on 2 September 2024. The loan has an interest rate of 2,85 per cent per year. In financial year 2022 this loan was reported as long-term loan, in the current year the loan is consequently reported as short-term loan.

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

ISO-Code	Country	Currency	Carrying amount in thousand units	
			31. Dec. 2023	31. Dec. 2022
EUR	EURO-countries	Euro	6.847.978	5.136.456
CHF	Switzerland	Franken	914	2.033
CZK	Czech Republic	Koruna	191.003	145.074
HUF	Hungary	Forint	147.510	159.855
RON	Romania	Leu	311.923	340.896
THB	Thailand	Baht	2.505	2.581
USD	USA	Dollar	2.575	287

Notes to derivative financial instruments can be found in Note 26 “Disclosures on Financial Instruments”.

16. Deferred tax receivables

Deferred tax receivables amounted to 5 thousand euros as per year end 2023 (126 thousand euros as per year-end 2022).

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

17. Cash and Cash Equivalents

As of the balance sheet date, cash and cash equivalents on the assets side amounted to 49.187 thousand euros (previous year: 19.534 thousand euros). Cash and cash equivalents solely contain bank balances and are not subject to any restrictions.

18. 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.

19. 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.2023 Total	Remaining Term of Up to 1 Year	More than 1 Year	31 Dec.2022 Total
Anniversary bonuses	0	38	38	0	29	29
Holiday provisions	122	0	122	122	0	122
Other provisions	4	3	7	3	3	6
Total	**126**	**41**	**167**	**125**	**32**	**157**

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.

20. <u>Financial Liabilities</u>

Financial liabilities can be broken down as follows:

In Thousand Euros	Remaining Term of Up to 1 Year	More than 1 Year	31 Dec. 2023 Total	Remaining Term of Up to 1 Year	More than 1 Year	31 Dec. 2022 Total
Liabilities to financial institutions	917.609	597.500	1.515.109	1.354.866	678.798	2.033.664
Liabilities from bond	13.032	895.359	908.390	0	0	0
Liabilities from loans						
-thereof with Group Companies	4.986.657	25.000	5.011.657	3.910.229	0	3.910.229
-thereof with third parties	388.674	232.849	621.523	184.239	396.709	580.948
Liabilities from derivatives						
-thereof with Group Companies at fair value through P/L	27.163	0	27.163	9.625	0	9.625
-thereof with third parties at fair value through P/L	4.357	0	4.357	30.507	0	30.507
-thereof with third parties Used for Hedging	0	0	0	0	0	0
Liabilities from derivative accrued interest	474	0	474	501	0	501
Liabilities IFRS 16	36	51	87	34	87	121
Total	**6.338.000**	**1.750.760**	**8.088.759**	**5.490.002**	**1.075.594**	**6.565.596**

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.

In previous year the loan was presented as long-term, at per year-end 2023 the loan is presented as short-term.

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 year 2023, 298.500 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 Note 26).

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. No prepayment was done in year 2023.

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.

In September 2023, the RIF Group issued a sustainability-linked bond with a volume of 900.000 thousand euros and a coupon of 4.875 per cent. The bond has a term of seven years and is due for repayment on 13 September 2030. As part of this bond, two affiliated REWE Group companies REWE Markt GmbH, Cologne, and PENNY Markt GmbH, Cologne, undertake to meet three CO2 reduction targets in accordance with the criteria of the Science Based Targets initiative (SBTi). If the targets are not met by 2030, an increased repayment amount will be due.

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 Note 26 “Disclosures on Financial Instruments”.

21. Trade Payables

Trade payables amounting to 12.997 thousand euros (2022: 9.104 thousand euros) as of the balance sheet date concern short-term liabilities to different contracting parties.

22. 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. Deferred tax liabilities decreased from 12.238 thousand euros in year 2022 to 8.749 thousand euros in 2023. This corresponds with the development of the interest rate swaps.

23. Other Liabilities

Other liabilities amounting to 692 thousand euros (2022: 603 thousand euros) partly contain short-term VAT liabilities. 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.

For comparative purposes, prior year figures of cash flow statement are reclassified as necessary.

Cash Flow from Operating Activities

The cash flow used in operating activities is -518.160 thousand euros compared to -521.080 thousand euros in the previous year.

The cash inflow from repayments of loans granted to related parties increased from 2.236.443 thousand euros to 3.481.854 thousand euros in 2023, whilst the cash outflow from loans granted to related parties increased from –2.230.325 thousand euros to -3.393.312 thousand euros in 2023.

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

Income tax paid/received amounted to 1.654 thousand euros (2022: -509 thousand euros). The RIF Group did a tax prepayment for the year 2023 amounting to 2.062 thousand euros.

The increase in cash 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 used in Investing Activities

The cash outflow used in investing activities amounting to 167 thousand euros related to the acquisition of three company cars.

Cash Flow used in Financing Activities

The cash flow used in financing activities developed from 525.324 thousand euros in the previous year by 22.065 thousand euros, resulting in a cash inflow of 547.389 thousand euros in the reporting year.

The cash inflow from taking out of financial loans increased from 14.259.892 thousand euros in 2022 to 15.372.166 thousand euros, whilst the cash outflow from repayment of financial loans also increased from 13.732.502 thousand euros in 2022 to 14.823.999 thousand euros in 2029. 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	2023	2022
	Financial liabilities as of 1 January	**6.565.596**	**5.842.897**
-	interest-free financial liabilities	40.132	33.447
=	**interest-bearing financial liabilities as of 1 January**	**6.525.464**	**5.809.450**
+/-	cash affecting development of liabilities	1.487.641	708.760
-	realized foreign currency valuation	89	1.267
+/-	not realized foreign currency valuation	3.775	-655
+/-	interest accruals	2.649	4.216
+	interest capitalization	25.370	4.673
+	effective interest method	12.804	294
+/-	other effects	-373	-7
=	**interest-bearing financial liabilities as of 31 December**	**8.057.241**	**6.525.464**
+	interest-free financial liabilities	31.519	40.132
	Financial liabilities as of 31 December	**8.088.760**	**6.565.596**

Other Disclosures

24. 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.

Two Management Board members of the RIF Group and the proxy-holder 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 RIF Group is ensured.

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 2023, the corresponding ratio according to this calculation method is 2,8 (previous year: 2,9).

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.

The RIF 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.

25. Financial Risk Management

Financial Risk Factors

The RIF 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 Management Board 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 denominated in Non-EURO currencies 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	31.12.2023	31.12.2022
Fixed-rate instruments	**Carrying amount**	**Carrying amount**
Financial assets	814.533	1.068.000
Financial liabilities	-1.817.986	-1.163.000
total	**-1.003.453**	**-95.000**
Variable rate instruments	**Carrying amount**	**Carrying amount**
Financial assets	7.353.407	5.561.092
Financial liabilities	-6.238.695	-5.362.466
total	**1.114.712**	**198.626**

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 were 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. As the interest rate swaps were terminated prematurely on 30 June 2023, ineffectiveness resulted in the amount of 2.344 thousand euros. An amount of 1.439 thousand euros was recognised as amortisation gain for the year 2023.

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 11.147 thousand euros (previous year: increase of 1.986 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 11.147 thousand euros (previous year: decrease of 1.986 thousand euros) in the interest result and shareholders' equity.

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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	31.12.2023	31.12.2022	End of loan period
Syndicated loan 2018*	2.500.000	2.500.000	3 December 2025
Sustainability-linked bond*	900.000	0	13 September 2030
Promissory note Bond 2018**	639.500	938.000	28 February 2023 until 28 February 2028
Promissory note Bond 2019***	153.500	153.500	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	**4.398.000**	**3.796.500**	

* 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	31.12.2023	31.12.2022	End of loan period
Syndicated loan 2018*	767.356	985.500	3 December 2025
Sustainability-linked bond*	900.000	0	13 September 2030
Promissory note Bond 2018**	639.500	938.000	28 February 2023 until 28 February 2028
Promissory note Bond 2019***	153.500	153.500	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	**2.665.356**	**2.282.000**	

The RIF Group has a syndicated loan of 2.5 billion euros, which includes credit lines of 625.000 thousand euros (in year 2022: 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 500.000 thousand euros as at 31 December 2023 (31 December 2022: 700.000 thousand euros). The credit lines were utilised in the amount of 267.000 thousand euros (previous year: 285.500 thousand euros) as at the balance sheet date. In the reporting period, repayment totalling 298.500 thousand euros was made for the promissory note loan of 938.000 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.

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 2023

in Thousand Euros	31 Dec. 2023 carrying amount	2024 Cash outflow	2025 Cash outflow	2026 Cash outflow	2027 Cash outflow	2028 Cash outflow	2029ff Cash outflow
Other non-current financial liabilities	Contractually agreed payments for a period up to …	up to 1 year	more than 1 and less than 2 years	more than 2 and less than 3 years	more than 3 and less than 4 years	more than 4 and less than 5 years	5 or more years
Other non-current financial liabilities	1.750.760	66.362	527.176	93.252	78.676	335.400	1.008.379
Other current financial liabilities	6.306.007	6.306.007	0	0	0	0	0
Current trade payables	12.997	12.997	0	0	0	0	0
Total obligations	**8.069.764**	**6.385.366**	**527.176**	**93.252**	**78.676**	**335.400**	**1.008.379**
Financial assets	**8.167.939**	**7.505.857**	**470.135**	**13.546**	**702**	**176.156**	**1.633**
Net position	98.175	1.120.491	-57.041	-79.706	-77.974	-159.244	-1.006.746

Liquidity Analysis of Financial Liabilities as of 31 December 2022

in Thousand Euros	31 Dec. 2022 carrying amount	2023 Cash outflow	2024 Cash outflow	2025 Cash outflow	2026 Cash outflow	2027 Cash outflow	2028ff Cash outflow
Other non-current financial liabilities	Contractually agreed payments for a period up to …	up to 1 year	more than 1 and less than 2 years	more than 2 and less than 3 years	more than 3 and less than 4 years	more than 4 and less than 5 years	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

The liquidity analysis of financial liabilities as shown above exclusively contains original financial instruments.

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 2023

in Thousand Euros	2024 cashflows up to 1 year	2025 cashflows more than 1 and less than 2 years	2026 cashflows more than 2 and less than 3 years	2027 cashflows more than 3 and less than 4 years	2028 cas5flows more than 4 and less than 5 years	2029 ff. cashflows 5 years and more
Currency Derivatives						
Financial Assets						
Proceeds	1.470.604	3.205	0	0	0	0
Payments	1.448.104	3.208	0	0	0	0
Financial Liabilities						
Proceeds	1.594.353	3.208	0	0	0	0
Payments	1.625.331	3.204	0	0	0	0
Interest Derivatives						
Financial Assets						
Proceeds	4.448	1.820	855	792	383	
Payments	1.377	883	385	387	192	

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

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.

<u>Default Risks</u>

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 1.717 thousand euros at year-end 2023 (238 thousand euros at year-end 2022), which is included in in the Note 12 Other administrative 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 loan receivables against REWE ZENTRALFINANZ eG, Cologne (Germany), amounting to 788.583 thousand euros at 31 December 2023 (31 December 2022: 944.082 thousand euros), which contains 9,56 per cent of the total assets (2022: 14,0 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 existed 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. The guarantee agreement was terminated as per 30 June 2023.
RZF and RIF concluded a new guarantee agreement from 1 July 2023 on with regard to the loan receivables of RIF vis-à-vis the companies of the REWE Group. According to this new guarantee agreement RZF compensates any loss due to default with regard to the lower of 1 per cent of the total amount of such loan receivables or above the basic amount of 70,0 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 1.717 thousand euros (2022: 238 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 2023 is 0,03 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 5.675 thousand euros as at 31 December 2023 (2022: 8.812 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.

26. 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 the Note 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. 2023	31. Dec. 2022
AED	United Arab Emirates	Dirham	368.967	357.027
AUD	Australia	Dollar	17.340	17.300
CAD	Canada	Dollar	33.600	29.400
CHF	Switzerland	Franc	273.458	197.274
CNY	China	Renminbi Yuan	113.663	74.664
CZK	Czech Republic	Koruna	8.560.744	6.695.153
DKK	Denmark	Krona	776.410	571.312
GBP	Great Britain	Pound Sterling	155.979	149.233
HKD	HongKong	Dollar	4.080	0
HUF	Hungary	Forint	77.494.610	85.034.812
INR	India	Rupee	386.000	180.000
ISK	Island	Krona	1.020.000	430.000
JPY	Japan	Yen	626.000	190.000
MAD	Morocco	Dinar	23.520	42.000
NOK	Norway	Krona	1.372.026	913.080
NZD	New Zealand	Dollar	18.100	11.550
PLN	Poland	Zloty	57.917	18.806
QAR	Qatar	Riyal	5.200	5.600
RON	Romania	Leu	2.130.962	2.953.079
SEK	Sweden	Krona	2.592.083	1.662.170
SGD	Singapore	Dollar	3.220	4.800
THB	Thailand	Baht	4.270.828	3.053.170
USD	USA	Dollar	1.053.635	887.553
ZAR	South Afrika	Rand	505.100	722.200

Due to loan contracts with REWE Group counterparties mainly in Czech Republic, Hungary Romania, Denmark, Norway, Sweden, 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. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022
Currency swaps	25.533	29.293	27.725	39.518
Interest derivatives	4.827	46.163	0	0
Commodity trades	3.794	613	3.794	613
Total	**34.154**	76.069	**31.519**	40.131

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 2023

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. 2023	Amortised costs	Fair Value through Profit or Loss
Assets			
Non-current financial assets	666.909		
Loans and receivables	662.082	662.082	0
Derivative Financial assets stand alone	0	0	0
Derivatives financial interest instruments*	4.827		
Current financial assets	7.535.684		
Derivative financial assets stand alone	29.327	0	29.327
Derivatives financial interest instruments*			
Loans and receivables	7.506.357	7.506.357	0
Liquid funds			
Loans and receivables	49.187	49.187	0
Liabilities			
Non-current financial liabilities			
Other financial liabilities	1.750.760	1.750.760	0
Derivative financial fx-liabilities stand alone	0	0	0
Derivative financial interest derivatives*	0	0	0
Current financial liabilities			
Other financial liabilities	6.306.481	6.306.481	0
Derivative financial liabilities stand alone	31.520	0	31.520
Current trade payables	12.997	12.997	0

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

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

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

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. 2023 Carrying amount	31 Dec. 2023 Fair Value	31 Dec. 2022 Carrying amount	31 Dec. 2022 Fair Value
Non-current				
Financial assets	666.909	672.047	851.112	822.112
Financial liabilities	1.750.760	1.902.341	1.075.594	1.037.074
Current				
Financial assets	7.535.684	7.521.719	5.854.049	5.824.661
Cash and cash equivalents	49.187	49.187	19.534	19.534
Financial liabilities	6.338.000	6.312.233	5.490.004	5.473.631
Trade payables	12.997	12.997	9.104	9.104

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

Where available, market prices have been used to measure the 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	2023	2022
Financial assets measured at amortized cost	310.356	121.916
Financial assets and liabilities measured at fair value through P/L	-33.438	-38.990
Financial liabilities measured at amortized cost	-245.349	-52.552

The income from financial assets measured at amortized costs mainly comprises interest income. Profit or loss from financial assets and liabilities measured at fair value through P/L is the result of the measurement of derivatives (without those under the application of Hedge

Accounting). Profit or loss from financial liabilities measured at amortized cost is composed of interest expenses.

27. 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 543.800 thousand euros (2022: 490.213 thousand euros) as this amount corresponds to the relevant liabilities of Eurelec to their suppliers. The Company for 100 per cent covered by a back-to-back guarantee from RZF and REWE International AG, Wiener Neudorf (Austria).

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. The guarantee was terminated in November 2023.

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. The guarantee was terminated in November 2023.

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.

28. 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 including Joint Ventures, associated companies and Companies with a close association under company law outside the aforementioned Group companies 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	
	2023	2022*
Value of services provided to related parties	363.177	152.969
thereof value of services provided to top-level parent company	22.522	29.990
thereof value of services provided to parent company	6.776	2.196

*adjusted

in Thousand Euros	Value of Services Received	
	2023	2022*
Value of services received from related parties	244.304	134.451
thereof value of services received from top-level parent company	19.885	6.518
thereof value of services received from parent company	3.336	6.124

*adjusted

The services provided to the top-level parent company during 2023 include interest income totalling 21.194 thousand euros (2022: 27.489 thousand euros) from loan agreements between the Company and the top-level parent company. The decrease is caused by a lower loan nominal.

The major part of the value of the services provided to related parties during 2023 results from loan interest income totalling 309.428 thousand euros (2022: 121.337 thousand euros). The services provided to related parties during 2023 contain income from internal derivatives amounting to 49.753 thousand euros (2022: 27.094 thousand euros).

The services received from related parties during 2023 contain interest expense amounting to 185.456 thousand euros (2022: 27.265 thousand euros). Expenses from internal derivatives during 2023 amount to 38.110 thousand euros (2022: 88.953 thousand euros).

The services received from the parent company concern fees for different guarantees granted by the parent company in favour of the Company. See note 25 "Financial Risk Management".

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

in Thousand Euros	31 Dec. 2023	31 Dec. 2022
Receivables from related parties	8.185.919	6.607.878
thereof receivables from the top-level parent company	789.218	944.794
thereof receivables from the parent company	205.254	193.324

In Thousand Euros	31 Dec. 2023	31 Dec. 2022
Liabilities to related parties	5.253.410	4.145.651
thereof liabilities to the top-level parent company	595.845	42.628
thereof liabilities to the parent company	2.661	3.137

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 654 thousand euros (2022: 615 thousand euros). The total amount results from short-term benefits.

Expenses for defined contribution plans for management board members amounted to 23 thousand euros (2022: 22 thousand euros).

No remuneration for members of the Supervisory Board was paid.

29. 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, 22 May 2024

Management Board of RIF:	Supervisory Board of RIF:
T. Clemens	Dr. K. Wirbel
C. Stolz	T. Schischmanow
H. Walboomers	M. Tonn
Peter Steeghs	B. Schnabel
	N. Klüssendorf
	M. Czoske
	A. Draxler-Zima
	M. Peffek

REWE International Finance B.V.
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 2023

REWE International Finance B.V., Venlo

Separate statement of financial position as at 31 December 2023			
Before proposed profit appropriation			
in Thousand Euros	Notes No.	**31 December 2023**	**31 December 2022**
Fixed assets			
Tangible fixed assets	30	346	274
Financial assets	31	673.923	859.173
Deferred tax assets	32	5	3
Total fixed assets		**674.274**	**859.450**
Current assets			
Financial assets	31	7.536.563	5.854.067
Current tax receivables		0	856
Cash and cash equivalents	33	41.188	19.534
Total current assets		**7.577.752**	**5.874.458**
Total assets		**8.252.026**	**6.733.908**

The notes on pages 86 to 94 are an integral part of these separate financial statements.

REWE International Finance B.V., Venlo

Separate statement of financial position as at 31 December 2023

Before proposed profit appropriation

in Thousand Euros	Notes No.	31 December 2023	31 December 2022
Shareholder's equity			
Share capital	34	2.000	2.000
Other reserve	34	102.544	95.770
Undistributed profit	34	10.244	6.774
Reserve for cash flow hedges	34	33.055	45.609
Deferred tax reserve	34	-8.528	-11.910
Total Shareholders' equity		**139.315**	**138.243**
Long-term liabilities			
Long-term Employee benefits	35	41	32
Long-term Other provisions		12	12
Long-term Financial liabilities	36	1.750.760	1.075.594
Deferred tax liabilities	40	8.749	12.238
Total long-term liabilities		**1.759.562**	**1.087.876**
Current liabilities			
Short-term Employee benefits	35	126	125
Current tax liabilities		1.439	0
Short-term Financial liabilities	36	6.338.000	5.490.002
Trade payables	37	12.922	9.076
Liabilities against affiliated companies	38	0	8.000
Other liabilities	40	664	586
Total current liabilities		**6.353.151**	**5.507.789**
Total equity and liabilities		**8.252.026**	**6.733.908**

The notes on pages 86 to 94 are an integral part of these separate financial statements.

Separate statement of profit and loss for the year ended 31 December 2023

Separate statement of profit and loss for the year from 1 January to 31 December 2023		
in Thousand Euros	2023	2022
Share in result from participating interests, after taxation	-1.047	61
Other income and expenses after taxation	11.290	6.713
Net Result	10.244	6.774

The notes on pages 86 to 94 are an integral part of these separate financial statements.

Notes to the separate financial statements for the year ended 31 December 2023

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 81.

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

Participating interest in Group companies is an entity 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. Participating interest in Group companies is 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.

30. Tangible fixed assets

In Thousand Euros	Plant and Equipment
Cost of Acquisition	
As of 1 January 2022	498
Additions	143
Disposals	-47
As of 31 December 2022	594
As of 1 January 2023	594
Additions	167
Disposals	-72
As of 31 December 2023	689
Accumulated Depreciation	
As of 1 January 2022	303
Additions	65
Disposals	-48
As of 31 December 2022	320
As of 1 January 2023	320
Additions	95
Disposals	-72
As of 31 December 2023	343
Carrying amount on 31 December 2022	274
Carrying amount on 31 December 2023	346

For more information see number 14 in the notes to the consolidated financial statements.

31. Financial Assets

in Thousand Euros	Remaining Term of		31 Dec.2023	Remaining Term of		31 Dec.2022
	Up to 1 Year	More than 1 Year	Total	Up to 1 Year	More than 1 Year	Total
Share interest		7.014	7.014	0	8.061	8.061
Financial assets						
-thereof against Group Companies	7.458.242	662.082	8.120.324	5.739.346	841.363	6.580.709
-thereof against third parties	47.047		47.047	47.853	0	47.853
Derivative financial instruments						
-thereof against Group Companies at fair value through P/L	20.720		20.720	18.633	0	18.633
-thereof against third parties at fair value through P/L	8.607		8.607	11.274	0	11.274
-thereof against third parties used for Hedging		4.827	4.827	36.414	9.749	46.163
Receivables from derivative accrued interest	1.947		1.947	547	0	547
Total	7.536.563	673.923	8.210.486	5.854.067	859.173	6.713.240

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 details of the Financial assets, see number 15 in the notes to the consolidated financial statements.

32. Deferred tax receivables

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

33. Cash and Cash Equivalents

For further information, see number 17 in the notes to the consolidated financial statement.

34. 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 2022 have been adopted by the General Meeting on 6 June 2023. The General Meeting has adopted the appropriation of profit after tax for the reporting year 2022 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 2023 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.

35. <u>Employee Benefits</u>

Employee benefits can be broken down as follows and are equal to number 19 in the notes to the consolidated financial statements.

In Thousand Euros	Remaining Term of		31 Dec.2023	Remaining Term of		31 Dec.2022
	Up to 1 Year	More than 1 Year	Total	Up to 1 Year	More than 1 Year	Total
Anniversary bonuses	0	38	38	0	29	29
Holiday provisions	122	0	122	122	0	122
Other provisions	4	3	7	3	3	6
Total	**126**	**41**	**167**	**125**	**32**	**157**

36. Financial Liabilities

Financial liabilities can be broken down as follows:

In Thousand Euros	Remaining Term of Up to 1 Year	Remaining Term of More than 1 Year	31 Dec. 2023 Total	Remaining Term of Up to 1 Year	Remaining Term of More than 1 Year	31 Dec. 2022 Total
Liabilities to financial institutions	917.609	597.500	1.515.109	1.354.866	678.798	2.033.664
Liabilities from bond	13.032	895.359	908.391	0	0	0
Liabilities from loans						
-thereof with Group Companies	4.986.657	25.000	5.011.657	3.910.231	0	3.910.231
-thereof with third parties	388.674	232.849	621.523	184.239	396.709	580.948
Liabilities from derivatives						
-thereof with Group Companies at fair value through P/L	27.163	0	27.163	9.625	0	9.625
-thereof with third parties at fair value through P/L	4.357	0	4.357	30.507	0	30.507
Liabilities from derivative accrued interest	474	0	474	501	0	501
Liabilities IFRS 16	36	51	87	34	87	121
Total	**6.338.000**	**1.750.760**	**8.088.760**	**5.490.004**	**1.075.594**	**6.565.598**

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

37. Trade Payables

Trade payables amounting to 12.922 thousand euros (year 2022: 9.076 thousand euros), mainly concern short-term liabilities to related parties.

38. Liabilities against affiliated companies

Liabilities against affiliated companies in year 2022 concerned the obligation of the Company to pay up the outstanding share capital in pay.cetera B.V. according to the deed of incorporation.

39. 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.

40. Other Liabilities

Other liabilities amounting to 664 thousand euros (2022: 586 thousand euros) partly contain short-term VAT liabilities. Other liabilities also consist of liabilities from outstanding incoming invoices.

41. Audit Fees

The audit fees was charged by KPMG Accountants N.V to the company amounting to Euro 180.738 (2022: 109.000 Euros), as referred to in section 2:328(a) of (1) and (2) of the Dutch civil code.

No expenses relating to other audit related, tax services or other non-audit services occurred in 2023 and 2022. Amount of fees of other KPMG network firms are nil (2022: nil).

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.

42. 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 including Joint Ventures, associated companies and Companies with a close association under company law outside the aforementioned Group companies 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	
	2023	2022*
Value of services provided to related parties	363.429	152.969
thereof value of services provided to top-level parent company	22.522	29.990
thereof value of services provided to parent company	6.776	2.196

*adjusted

in Thousand Euros	Value of Services Received	
	2023	2022*
Value of services received from related parties	243.700	134.451
thereof value of services received from top-level parent company	19.885	6.518
thereof value of services received from parent company	3.336	6.124

*adjusted

The services provided to the top-level parent company during 2023 include interest income totalling 21.194 thousand euros (2022: 27.489 thousand euros) from loan agreements between the Company and the top-level parent company. The decrease is caused by a lower loan nominal.

The major part of the value of the services provided to related parties during 2023 results from loan interest income totalling 309.428 thousand euros (2022: 121.337 thousand euros). The services provided to related parties during 2023 contain income from internal derivatives amounting to 49.753 thousand euros (2022: 27.094 thousand euros).

The services received from related parties during 2023 contain interest expense amounting to 185.456 thousand euros (2022: 27.265 thousand euros). Expenses from internal derivatives during 2023 amount to 38.110 thousand euros (2022: 88.953 thousand euros).

The services received from the parent company concern fees for different guarantees granted by the parent company in favour of the Company. See note 25 “Financial Risk Management”.

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

in Thousand Euros	31 Dec. 2023	31 Dec. 2022
Receivables from related parties	8.186.798	6.607.878
thereof receivables from the top-level parent company	789.218	944.794
thereof receivables from the parent company	205.254	193.324

In Thousand Euros	31 Dec. 2023	31 Dec. 2022
Liabilities to related parties	5.253.410	4.145.651
thereof liabilities to the top-level parent company	595.845	42.628
thereof liabilities to the parent company	2.661	3.137

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 654 thousand euros (2022: 615 thousand euros). The total amount results from short-term benefits.

Expenses for defined contribution plans for management board members amounted to 23 thousand euros (2022: 22 thousand euros).

No remuneration for members of the Supervisory Board was paid.

43. 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, 22 May 2024

Management Board of RIF:	Supervisory Board of RIF:
T. Clemens	Dr. K. Wirbel
H. Walboomers	T. Schischmanow
P. Steeghs	M. Tonn
C. Stolz	B. Schnabel
	N. Klüssendorf
	M. Czoske
	A. Draxler-Zima
	M. Peffek

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.

Independent auditor's report

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

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of REWE International Finance B.V. ('the Group') as at 31 December 2023 and of its result and its cash flows for the year then ended, 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 2023 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements for the year ended 31 December 2023 of REWE International Finance B.V. based in Venlo. The financial statements include the consolidated financial statements and the separate financial statements.

The consolidated financial statements comprise:

1 the consolidated statement of financial position as at 31 December 2023;

2 the following consolidated statements for the year ended 31 December 2023: the profit and loss and other comprehensive income, cash flows and changes in equity; and

3 the notes comprising material accounting policy information and other explanatory information.

The separate financial statements comprise:

1 the separate statement of financial position as at 31 December 2023;

2 the separate statement of profit and loss for the year ended 31 December 2023; 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 '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 going concern, fraud and non-compliance with laws and regulations, and the key audit matters 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

Summary

Materiality

- Materiality of EUR 35 million
- 0.5% of the average value of total assets in 2021-2023

Group audit

- Audit coverage of 99,9% of total assets
- Audit coverage of 100% of shareholders' equity

Risk of material misstatements related to Fraud, NOCLAR, and Going concern risks

- Fraud risk: presumed risk of management override of controls is identified and further described in the section 'Audit response to the risk of fraud and non-compliance with laws and regulations'.
- Non-compliance with laws and regulations (NOCLAR) risks: no reportable risk of material misstatements related to NOCLAR risk identified.
- Going concern risks: no going concern risks identified.

Key audit matter

- Recoverability of receivables from REWE Group entities (related parties).

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 35 million (2022: EUR 34.5 million). The materiality is determined with reference to 0.5% of the average value of total assets in 2021-2023 (2022: 0.5% of total assets as at 31 December 2022).

We continue to consider total assets as the most appropriate benchmark given the activities of REWE International Finance B.V. as a group financing company. We believe that total assets is a relevant metric for assessment of the financial performance of REWE International Finance B.V., however given the increased total assets during 2023 we decided to apply a three-year average to address volatility in total assets and its effect on our materiality.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements identified during our audit in excess of EUR 1.7 million (2022: EUR 1.7 million) would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

REWE International Finance B.V. is at the head of a group of one component and itself as an entity. REWE International Finance B.V.is managed by the Management Board under supervision of Supervisory Board. The financial information of the Group is included in the accompanying financial statements.

Our group audit mainly focused on the significant components, if any and we have performed audit procedures at group level. The group audit coverage is as stated in the section Summary, above.

By performing the procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the Group's financial information to provide an opinion about the financial statements.

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

In the sections of "Fraud risks" and "Uncertainties to future amendments to law and regulations" of the Management Report in the annual 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 Group and its business environment and the Group's risk management in relation to fraud and non-compliance.

Our procedures included, among other things, assessing the group wide procedures and policies, such as code of conduct, including whistleblowing ('compliance tips') procedure and its procedures to investigate indications of possible fraud and non-compliance. We inspected minutes and resolutions of the Group to identify possible relevant significant transactions that are outside the Group's normal course of business, or are otherwise unusual. Furthermore, we performed relevant inquiries with the Management Board and Supervisory Board.

We have also incorporated elements of unpredictability in our audit, in particular, by performing desktop review of articles published in mass-media regarding REWE International Finance B.V. and involved forensic specialists in our audit procedures.

As a result from our risk assessment, we identified the following laws and regulations as those most likely to have a material effect on the financial statements in case of non-compliance:

- Anti-money laundering and terrorist financing law.
- Dutch Banking Supervisory Law.

We assessed the presumed fraud risk on revenue recognition. We considered the Group's sole significant source of income as interest income. Such interest income is derived from loan agreements with REWE Group companies (related parties), including fixed terms and conditions in respect of interest. As a consequence, we did not identify an incentive or pressure for the Management 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 these procedures, we concluded that the presumed fraud risk on revenue recognition for revenue as irrelevant.

Based on the above and on the auditing standards, we identified the following presumed fraud risk with regards to management override of controls that is relevant to our audit 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 such as those related to journal entries.

Responses:

- We evaluated the design and the implementation of internal controls that mitigate fraud and non-compliance risks, such as processes related to journal entries and post-closing adjustments.
- We performed a data analysis to identify high-risk journal entries and evaluated key estimates and judgments in relation to the recoverability of receivables from REWE Group companies (related parties), for bias by the Management.

Our evaluation of procedures performed related to risk of fraud did not result in a key audit matter.

We communicated our risk assessment, audit responses and results to the Management Board and 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 risk. 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 risk includes all relevant information of which we are aware as a result of our audit;
- we analysed the Group's financial position at year-end and compared it to the previous financial year in terms of indicators that could identify going concern risks;
- we inspected the debt agreements in terms of conditions that could lead to going concern risks, including the term of the agreement; and
- we considered whether the outcome of our audit procedures, as described in the key audit matter to determine the recoverability of receivables from the REWE Group companies (related parties), could indicate a going concern risk.

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

Our key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matter to the Supervisory Board of REWE International Finance B.V. The key audit matter is not a comprehensive reflection of all matters discussed.

Recoverability of the receivables from REWE Group companies (related parties)

Description

As included in Notes *6 Significant Accounting and Measurement Policies* paragraph "d)", *15 Financial Assets* and *25 Financial Risk Management* to the financial statements, the total exposure, in terms of credit risk, from REWE Group companies may have a significant impact on the Group's consolidated financial statements, in the event that it can no longer fulfil its financial obligations towards the Group.

The Group's ability to meet its financial obligations to third-party lenders and bondholders depends on the cash flow generated from the repayment of receivables by the REWE Group companies and available liquid assets. The total of outstanding receivables balance as at 31 December 2023 of EUR 8.2 billion (non-current and current) represents 99.2% of the total assets (31 December 2022: EUR 6.6 billion, 98.2% of the total assets). The repayment of receivables extended to REWE Group companies is guaranteed by REWE-Zentralfinanz eG ('the (top-level) Parent company') above a threshold of lower of 1 per cent of the total amount of such loan receivable or the basic amount of EUR 70 million. This is highlighted in Note 25, Section "Default Risks" of the financial statements, given the relevance of the matter.

The intercompany receivables from the REWE Group companies are material to the Group's financial statements. In the event, the REWE Group companies can no longer fulfill its financial obligations towards the Group, this would have a significant impact on the Group's financial statements. As such, the risk of a financial loss of the Group is elevated. We therefore consider the recoverability of the receivables from the REWE Group companies to be a key audit matter.

Our response

Our main procedures with respect to the Management Board`s assessment of the recoverability of the receivables from the REWE Group companies are:

- we inquired the Management Board about their assessment of the recoverability of the receivables from the REWE Group companies, based upon their knowledge of the developments in the financial position and cash flows of the related REWE Group companies and also about their evaluation with respect to the recoverability of the receivables from the REWE Group companies;
- we inspected the terms and conditions of the guarantee agreements with the Parent company and analysed the ability to meet its obligations under the guarantee agreement and the financial position of the Parent company by evaluating their audited financial statements for the year ended 31 December 2023;
- we evaluated the long-term credit ratings and outlook of the Parent company from the related credit agencies;
- we assessed whether the REWE Group companies defaulted on receivables and interest payments to the Group during 2023;
- we evaluated the reasonableness of the Management's key judgments and estimates made in respect of IFRS 9 (specifically the expected credit loss calculation), including selection of methods, models, assumptions, and data sources. In addition, we evaluated the appropriateness of the accounting principles applied based on IFRS 9's requirements and the adequacy of the Group's related disclosures presented in the notes to the financial statements

Our observation

We consider the recoverability of the receivables from REWE Group Companies to be appropriate and the disclosures as included in Notes *6 Significant Accounting and Measurement Policies* paragraph "d)", *15 Financial Assets* and *25 Financial Risk Management* to the annual report to be adequate.

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; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and 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 information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the Shareholders' resolution as auditor of REWE International Finance B.V. on 28 August 2023, for the audit of the year 2023.

Description of responsibilities regarding 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 management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In that respect the Management Board, under supervision of the Supervisory Board, is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the financial statements, the Management Board is responsible for assessing the REWE International Finance B.V.'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 REWE International Finance B.V. 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 Group's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the REWE International Finance B.V.'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 detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error 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 these 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.

A further description of our responsibilities for the audit of the financial statements is located at the website of de 'Koninklijke Nederlandse Beroepsorganisatie van Accountants' (NBA, Royal Netherlands Institute of Chartered Accountants) at eng_beursgenoteerd_01.pdf (nba.nl). This description forms part of our auditor's report.

Amstelveen, 22 May 2024

KPMG Accountants N.V.

A. Beydemir RA