

CECONOMY accelerates momentum in Q2 2023/24

Q2 financial highlights

- **Q2 sales** up by +6.5%¹ YoY, driven by strong 5.1% LFL growth in bricks and mortar and online.
- **+60bp YoY increase in adjusted gross margin²** to +17.8% due to enhanced product mix and positive impact from new growth businesses.
- **+€26m increase in Adjusted EBIT²** to €5m for Q2. Adjusted EBIT margin up 50bp to 0.1%.
- **Adjusted EPS increased by €0.17** to €0.19 in Q2.
- **Lease-adjusted FCF** broadly neutral for H1 with - €7 m.
- **NPS all time high** at 58 (+5 points) in Q2.
- **Outlook FY 2023/24 specified: slight increase in total sales adjusted for currency and portfolio effects, adjusted EBIT of between €290 m and €310 m**

Dr Karsten Wildberger, CEO of CECONOMY AG:

"Following a strong Christmas business, we further increased our momentum in the second quarter. Our half-year results show: We don't just promise, we act. We were able to significantly increase our sales in a challenging economic environment. We gained market share in almost all countries - both online and offline. And we have clearly increased our profitability. We also made strong progress in our strategic growth areas. These successes are the result of the consistent implementation of our turnaround for the future, which puts the customer at the centre of everything we do. With our momentum, I am confident about the second half of the year and am pleased that we have been able to specify our outlook in a positive direction."

Key financial data

€m	Q2 22/23	Q2 23/24	Change
Reported sales	5,302	5,334	0.6%
Of which indexing effect IAS 29 (hyperinflation in Türkiye)	+32	+45	39.3%
Growth ¹ (%)	6.4%	6.5%	+10bp
Like-for-like sales development	6.1%	5.1%	-100bp
Adjusted gross margin ²	17.2%	17.8%	+60bp
Adjusted EBITDA²	135	168	+33
Adjusted EBITDA margin ³	2.6%	3.2%	+60bp
Reported EBIT	-106	44	150
Adjusted EBIT²	-21	5	+26
Adjusted EBIT margin ³	-0.4%	0.1%	+50bp
Net result	-47	85	+132
Adjusted net result	11	94	+83
Reported EPS (€)	-0.10	0.17	+0.27
Adjusted EPS⁴ (€)	0.02	0.19	+0.17
Net debt	-1,666	-1,711	-45

¹Adjusted for currency and portfolio change effects, pre IAS 29.

²Excluding associates, adjusted for portfolio changes (Sweden, Portugal), pre IAS 29 and excluding non-recurring effects.

³Margin calculation based on reported sales pre IAS 29 and adjusted EBIT/EBITDA.

⁴EPS adjusted for portfolio effects, pre IAS 29.

Outlook for FY 2023/24

- Slight increase in currency- and portfolio-adjusted total sales.
- Adjusted EBIT range of between €290 m and €310 m.
- All segments are expected to contribute to sales growth.
- Improvement in adjusted EBIT primarily driven by Western/Southern Europe.

The outlook is adjusted for portfolio changes and excludes earnings effects from companies accounted for using the equity method. Accounting effects of applying IAS 29 in Türkiye as a hyperinflationary economy are likewise excluded, as are non-recurring items, especially those related to the simplification and digitalization of central structures and processes as well as changes in the legal environment.

Group highlights Q2 2023/24

- **Strong Sales** growth with +5.8% YoY in B&M and +8.8% Online, both portfolio- and fx-adjusted; Online share (incl. Marketplace) at 22.9% (+110bp YoY).
- **Growth businesses** performing strongly: Marketplace GMV growth of +109% YoY; Retail Media income increased nearly fivefold; Operational Services & Solutions income clearly increased.
- **Group NPS** at all time high, up by 5 points YoY to 58 in Q2.

€m pre-IAS 29, excluding Sweden and Portugal	Q2 22/23	Q2 23/24	Change ¹
Online sales	1,104	1,180	+8.8%
Services & Solutions sales	311	349	+14.5%

¹Growth adjusted for fx-effects.

Free cash flow

€m	H1 22/23	H1 23/24	Change
EBITDA	505	595	+90
Change in net working capital	224	-105	-329
Tax	-58	-12	+46
Other operating cash flow	-76	-134	-57
Cash investment	-122	-115	+7
Free cash flow	472	229	-243
Lease repayments	-244	-236	+8
Lease-adjusted free cash flow	228	-7	-235

- **In the second quarter**, lease-adjusted free cash flow showed a positive improvement of c. +€100 million year over year, amounting to -€1.5 billion, reflecting the usual seasonal trends.
- **In H1** lease-adjusted free cash flow reached -€7m leading to a liquidity position of €897m on 31 March 2024. The change in Net Working Capital is normalizing as expected given the fact that last year stock level was particularly low. We continued to increase our product availability which led to higher stock levels, and boosted sales growth. We confirm our outlook for positive FCF in FY 2023/24.

Performance by segment Q2 2023/24

€m	DACH	Western/Southern Europe	Eastern Europe	Others ⁴	CECONOMY
Sales (pre-IAS 29)	2,839	1,681	766	4	5,289
Growth¹ (%)	-1.8	4.9	59.4	-4.8	6.5
Like-for-like (%)	-1.8	2.2	54.6		5.1
IAS 29			45		45
Sales post-IAS 29			810		5,334
Reported YoY change (%)	-1.6	3.1	19.5	-	0.6
Adjusted EBIT²	-4	-17	19	7	5
Adjusted EBIT margin ³ (%)	-0.1	-1.0	2.4	-	0.1
Adjusted EBIT YoY change	-4	28	-15	17	26

¹Adjusted for currency and portfolio change effects, pre-IAS 29.

²Excluding associates, adjusted for portfolio changes (Sweden, Portugal), pre-IAS 29 and excluding non-recurring effects.

³Margin calculation based on reported sales pre-IAS 29 and adjusted EBIT.

⁴Segment Others includes holding functions, hence respective EBIT margin would not offer a reasonable comparison. Including consolidation.

- **DACH:** Expanding market share and cost-saving initiatives bolster almost stable EBIT.
- **Western & Southern Europe:** Sales growth in all countries, except Italy, contributes to a strong improvement in EBIT; Strong market share gain in the region.
- **Eastern Europe:** Robust sales growth and healthy profitability, but margins impacted by price competition.

Good progress on our key pledges in Q2 2023/24

Business fields	KPI	FY 22/23	Target 25/26	Progress Q2 23/24
Retail Core	Loyalty members	39m	50m	↗
Retail Core	Online share ¹	23%	c. 30%	↗
Retail Core	Modernization rate	50%	> 90%	↑
Retail Core	Stock reach progress	9.1 weeks	-10%	↑
Space-as-a-Service	# Lighthouses	8	Up to 20	↗
Services & Solutions ²	Income in % of total sales	4.5%	c. 5.5%	↑
Marketplace	GMV	€137m	€750m	↑
Private Label	Private Label share	2.4%	c. 5%	↗
Retail Media	Income	€18m	c. €45m	↑

¹Online share based on 1P and 3P online sales. ²Operational Services & Solutions income in % of total net sales (excluding e.g., Retail Media, Marketplace commissions & fees, deliveries).

Application of IAS 29, hyperinflation accounting

Given the technical impact of IAS 29 (hyperinflation) on sales in Türkiye in Q2 2023/24, we comment on business dynamics pre-IAS 29.

€m	Reported sales 2022/23	IAS 29 effect	Sales pre-IAS 29	Reported sales 2023/24	IAS 29 effect	Sales pre-IAS 29
Q2	5,302	32	5,270	5,334	45	5,289

Results call

There will be a live presentation followed by a Q&A session. The call for investors and analysts will start at 9am CEST today: www.webcast-egs.com/login/ceconomy-202324-q2

The quarterly statement will be posted on www.ceconomy.de/en/investor-relations at 7am CEST. A recording of the conference call will be posted shortly after its conclusion.

Store network

The store network has been expanded by four stores in Q2 2023/24, no closures have taken place.

	31/12/2023	Openings Q2 2023/24	Closures Q2 2023/24	31/03/2024
Germany	398	0	0	398
Austria	54	1	0	55
Switzerland	25	0	0	25
Hungary	39	0	0	39
DACH	516	1	0	517
Belgium	22	1	0	23
Italy	130	1	0	131
Luxembourg	2	0	0	2
Netherlands	55	0	0	55
Spain	110	0	0	110
Western/Southern Europe	319	2	0	321
Poland	80	0	0	80
Türkiye	97	1	0	98
Eastern Europe	177	1	0	178
CECONOMY	1,012	4	0	1,016

Financial calendar

Q3/9M 2023/24 results	Wednesday	14 August 2024
Q4/FY 2023/24 trading statement	Tuesday	29 October 2024
Q4/FY 2023/24 results	Wednesday	18 December 2024

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