

## CECONOMY reports robust Q2 performance amid a challenging environment

### Q2 financial highlights

- **Sales** momentum continued; sales growth +6.4%<sup>1</sup> yoy (+6.1% on a like-for-like basis) and well ahead of pre-COVID level (+5.7% vs Q2 2018/19); driven by successful marketing campaigns and robust recovery of our B&M business.
- **Adjusted gross margin**<sup>1</sup> stabilized in the quarter (+10 bps) as improved logistic costs and lower online share offset continued pressure on product margin.
- **Adjusted EBIT**<sup>2</sup> up by €35 m yoy to -€23 m (Q2 2021/22: -€58 m) driven by positive operating leverage, stable gross margin and effective cost control. **Further normalization of the seasonality** according to historical patterns.
- **Decrease in net result due to the disposal of Sweden** (-€68 m one-off impacts). Undiluted EPS<sup>3</sup> decreased by -€0.04 yoy to -€0.10.
- **Strong lease adj. FCF at €244 m (+€839 m) in H1** primarily benefited from improved stock management. Q2 2022/23 FCF + €134m yoy improvement. Net debt declined by -€158 m to €1.7 bn at the end of Q2 2022/23.

### Comments from Dr Karsten Wildberger, CEO of CECONOMY AG

*“After a successful Christmas season in the first quarter, our measures are also making a positive impact in the second quarter of the financial year. We have made significant progress in our transformation thanks to the effective implementation of our strategy and continuous optimization of our business processes. Despite the challenging environment, we are heading confidently into the second half of the year.”*

### Summary of key financial data

| €m   | Q2 21/22     | Q2 22/23     | Change       |
|--|--------------|--------------|--------------|
| <b>Sales</b>   | <b>5,019</b> | <b>5,302</b> | <b>5.6%</b>  |
| Thereof indexation effect IAS 29 (hyperinflation in Turkey)          | –            | <b>32</b>    | –            |
| Sales development adjusted for currency and portfolio change effects | 18.8%        | 6.4%         | –            |
| Like-for-like sales development                                      | 18.0%        | 6.1%         | –            |
| Online sales   | 1,267        | 1,138        | -10.2%       |
| Services & Solutions sales   | 307          | 323          | 5.2%         |
| Gross margin   | 17.1%        | 17.0%        | -0.1%p       |
| EBIT   | -35          | -106         | <-100%       |
| <b>Adjusted EBIT</b> <sup>2</sup>                                    | <b>-58</b>   | <b>-23</b>   | <b>60.8%</b> |
| Net result   | -7           | -15          | <-100%       |
| <b>EPS undiluted</b> <sup>3</sup> (€)                                | <b>-0.06</b> | <b>-0.10</b> | <b>-0.04</b> |

Reported figures from continuing operations.

<sup>1</sup>Adj. for currency and portfolio change effects, pre IAS 29.

<sup>2</sup> Excl. associates, adj. for portfolio changes (Sweden), pre IAS 29 and excl. non-recurring effects.

<sup>3</sup>Average number of shares in 485,221,084 since 3 June 2022.

Please note that MediaMarkt Sweden's business is still included in our reported figures. However, it's excluded from the guidance-relevant KPIs currency- and portfolio-adjusted sales growth, as well as adjusted EBIT

### Sweden financials (unaudited)

| €m    | Q1<br>2021/22 | Q2<br>2021/22 | Q3<br>2021/22 | Q4<br>2021/22 | FY<br>2021/22 | Q1<br>2022/23 | Q2<br>2022/23 |
|-------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Sales | 164           | 107           | 115           | 119           | 506           | 149           | 106           |
| EBIT  | 0             | -4            | -6            | -1            | -12           | -6            | -5            |

### Outlook for FY 2022/23 confirmed

Q2 2022/23 results support guidance for FY 2022/23 - From today's perspective, guidance scenario 1 is more likely.

|   | FY 21/22 | FY 22/23<br>Guidance scenario 1  | FY 22/23<br>Guidance scenario 2   |
|---|----------|--|---|
| Fx- and portfolio-adjusted sales (pre IAS 29) |          | Slight increase  | Clear decrease  |
| Adjusted EBIT <sup>2</sup>                    | €208m    | Clear increase   | Clear decrease  |
| Key assumptions                               | -        | No deterioration of current macroeconomic conditions (inflation, customer demand, availability of goods, no overall restrictions in the retail sector); relevant market for consumer electronics shrinks moderately at most. | Less favorable development of the overall economic environment; declining demand in the consumer electronics market, which is relevant for the country portfolio. |

Adj. EBIT 2021/22 is rebased from €197 m to €208 m excluding Sweden and Portugal. The outlook is adjusted for portfolio changes and does not take into account the earnings effects from companies accounted for using the equity method. It also does not include non-recurring effects from efficiency increases in connection with the simplification and digitalization of central structures and processes, from the strengthening of the retail brands in Germany, and from legal risks in connection with changes in the legal framework. Accounting effects of the application of IAS 29 in Turkey as a hyperinflationary economy are likewise unaccounted for.

### Group highlights

- **Group NPS** improved by +4 points yoy to **53**
- **Online sales** declined by -10.2 % yoy to €1,138 bn compared to pandemic restricted PY; online sales share on sustained high level and reached 21.5% of total sales (Q2 2021/22: 25.3%); pick-up ratio came in at 39% (Q2 2021/22: 36%); online business on elevated level compared to pre-COVID times

- **Services & Solutions sales** increased by +5.2% yoy, amounting to 6.1% of total sales (Q2 2021/22: 6.1%); Services & Solutions business benefited from recovery of B&M business and strong demand for consumer finance and warranty extensions

### Performance by segment

#### Q2 2022/23

| €m                                | DACH  | Western/Southern Europe | Eastern Europe | Others <sup>4</sup> | Group |
|-----------------------------------|-------|-------------------------|----------------|---------------------|-------|
| Sales                             | 2,888 | 1,630                   | 678            | 107                 | 5,302 |
| Growth in LC <sup>1</sup> (%)     | 2.6   | -3.0                    | 77.6           | -2.6                | 6.4   |
| Like-for-like (%)                 | 2.7   | -3.1                    | 74.0           | -                   | 6.1   |
| Reported yoy change (%)           | 2.6   | -3.0                    | 62.8           | -1.5                | 5.6   |
| Adj. EBIT <sup>2</sup>            | -3    | -47                     | 33             | -5                  | -23   |
| Adj. EBIT margin <sup>3</sup> (%) | -0.1  | -2.9                    | 5.1            | -                   | -0.4  |
| Adj. EBIT yoy change              | 40    | -30                     | 27             | -1                  | 35    |

#### Q2 2021/22

| €m                                | DACH  | Western/Southern Europe | Eastern Europe | Others <sup>4</sup> | Group |
|-----------------------------------|-------|-------------------------|----------------|---------------------|-------|
| Sales                             | 2,815 | 1,679                   | 416            | 108                 | 5,019 |
| Growth in LC <sup>1</sup> (%)     | 22.6  | 11.9                    | 35.4           | -11.5               | +18.8 |
| Like-for-like (%)                 | 23.2  | 9.1                     | 33.8           | -11.6               | +18.0 |
| Reported yoy change (%)           | 22.9  | 11.9                    | 3.5            | -15.6               | +16.1 |
| Adj. EBIT <sup>2</sup>            | -43   | -17                     | 6              | -5                  | -58   |
| Adj. EBIT margin <sup>3</sup> (%) | -1.5  | -1.0                    | 1.6            | -                   | -1.2  |
| Adj. EBIT yoy change              | 54    | 21                      | 6              | n/a                 | n/a   |

<sup>1</sup>Adj. for currency and portfolio change effects, pre IAS 29.

<sup>2</sup>Excl. associates, adj. for portfolio changes (Sweden), pre IAS 29 and excl. non-recurring effects.

<sup>3</sup>Margin calculation based on sales adj. for portfolio changes incl. IAS 29 and adj. EBIT.

<sup>4</sup>Segment Others includes CECONOMY AG holding, hence respective EBIT margin would not offer a reasonable comparison.

### Key highlights per segment in Q2 2022/23

- **DACH:** Sales increase in AT, DE and HU, CH declined; Significant EBIT improvement mainly due to good sales and margin development in DE
- **Western & Southern Europe:** Sales growth in Benelux, down in IT, ES and PT; EBIT decline driven by ES and IT due to overall negative market trend and cost inflation
- **Eastern Europe:** Double-digit sales growth in TR; PL stable; Significant EBIT improvement mainly due to strong sales and margin development in TR

## Free Cash Flow

| €m                               | H1 21/22    | H1 22/23   | Change     |
|----------------------------------|-------------|------------|------------|
| <b>EBITDA</b>                    | <b>578</b>  | <b>505</b> | <b>-73</b> |
| Change in NWC                    | -407        | 236        | 643        |
| Tax                              | -75         | -58        | 17         |
| Other operating cash flow        | -342        | -72        | 270        |
| Cash investment                  | -96         | -122       | -26        |
| <b>Free cash flow</b>            | <b>-342</b> | <b>488</b> | <b>830</b> |
| Lease repayments                 | -253        | -244       | 9          |
| <b>Lease adj. Free cash flow</b> | <b>-595</b> | <b>244</b> | <b>839</b> |

- In **H1 2022/23 lease adjusted Free Cash Flow** reached €244 m; a solid €839 m improvement yoy driven by a favorable development in NWC mainly due to efficient stock management
- **Other operating cash flow** normalizing in current year, previous year impacted by cash-out of deferred payments
- **Cash investments** increased by €26 m yoy to €122 m due to store modernization

## Results call

There will be a live presentation followed by a Q&A session; the call for investors and analysts will start at 9:00 am CEST today: [webcast link](#).

The quarterly statement will be available on the following website [www.ceconomy.de/en/investor-relations](http://www.ceconomy.de/en/investor-relations) at **07:00 am CEST**. A recording of the conference call will also be available on our website shortly after the end of the call.

## Store network

|                                | 31/12/22     | Openings | Closures  | 31/03/23     |
|--------------------------------|--------------|----------|-----------|--------------|
| Germany                        | 400          | 1        | -2        | 399          |
| Austria                        | 52           | 1        | 0         | 53           |
| Switzerland                    | 25           | 0        | 0         | 25           |
| Hungary                        | 36           | 0        | 0         | 36           |
| <b>DACH</b>                    | <b>513</b>   | <b>2</b> | <b>-2</b> | <b>513</b>   |
| Belgium                        | 22           | 0        | 0         | 22           |
| Italy                          | 123          | 0        | 0         | 123          |
| Luxembourg                     | 2            | 0        | 0         | 2            |
| Netherlands                    | 48           | 0        | 0         | 48           |
| Portugal                       | 10           | 0        | 0         | 10           |
| Spain                          | 109          | 0        | -1        | 108          |
| <b>Western/Southern Europe</b> | <b>314</b>   | <b>0</b> | <b>-1</b> | <b>313</b>   |
| Poland                         | 81           | 0        | 0         | 81           |
| Turkey                         | 90           | 0        | 0         | 90           |
| <b>Eastern Europe</b>          | <b>171</b>   | <b>0</b> | <b>0</b>  | <b>171</b>   |
| Sweden                         | 29           | 0        | 0         | 29           |
| <b>Others</b>                  | <b>29</b>    | <b>0</b> | <b>0</b>  | <b>29</b>    |
| <b>CECONOMY</b>                | <b>1,027</b> | <b>2</b> | <b>-3</b> | <b>1,026</b> |

## Financial calendar

|                                 |          |                  |
|---------------------------------|----------|------------------|
| Capital Markets Day             | Friday   | 02 June 2023     |
| Q3/9M 2022/23 results           | Thursday | 10 August 2023   |
| Q4/FY 2022/23 trading statement | Thursday | 26 October 2023  |
| Q4/FY 2022/23 results           | Monday   | 18 December 2023 |

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