

Press Release

Hamburg, 22 February 2023

Forecast 2022/23:

Otto Group online revenue almost reaches last year's outstanding level

Initial forecasts suggest that the Otto Group's e-commerce sales have remained stable at a high level in the current financial year 2022/23 (February 28, 2023) – despite the ongoing challenging macroeconomic environment. The international retail and services group is expected to report e-commerce revenues totaling 12.1 billion euros, as in 2021/22. Compared to the same period last year, online sales were down by just two percent on a like-for-like basis*.

The trend in the Group's respective markets varied. Like-for-like, e-commerce sales in Germany – which has been hit harder by the economic downturn – fell by around 8 percent to just under 7.5 billion euros, while international sales rose by an encouraging 8 percent to around 4.6 billion euros. It is also important to note at this point that the Otto Group's financial year does not begin until March 1st – i.e. last year shortly after the Russian invasion of Ukraine – and therefore the strongly positive growth rates of January and February 2022 have not been taken into account. Accordingly, the Group's entire financial year 2022/23 is characterized by the overall economic consequences of the Ukraine war.

Nevertheless, in 2022/23, the Otto Group succeeded in increasing the number of active customers by almost 2 percent, with the number of shoppers rising from around 58.3 million to more than 59.4 million across the Group's various distance selling companies.

Sebastian Klauke, Executive Board Member for E-Commerce, Technology, Business Intelligence and Corporate Ventures, Otto Group: "Given that the entire twelve months of our financial year have been marked by the effects of war in the middle of Europe, we can

be quite satisfied with the way sales have developed, even though our planning naturally looked completely different. Despite very challenging market factors such as high procurement costs, inflation and negative consumer sentiment combined with lower shopping cart values, we are still very clearly above comparative values from the pre-COVID-19 period and have proven – particularly in the run up to Christmas – that we are crisis-tested, have done our homework and have responded well.”

The Otto Group’s e-commerce revenue in 2019/20 – i.e., the financial year prior to the outbreak of the pandemic – was just around 8 billion euros, compared with 12.1 billion euros now.

However, earnings performance in the current financial year 2022/23 is quite a different story to the very strong years of 2020/21 and 2021/22 and it is already foreseeable that the Group’s profit will take a significant hit. Costs along the entire supply chain have also risen noticeably for the Otto Group. Russia’s war of aggression on Ukraine, the drastic increase in inflation and the rising costs of energy, mobility and everyday supplies have also led to consumers becoming significantly more cautious.

The negative consumer sentiment has been reflected in some business models in significant declines in sales, a shift in product ranges and a fall in average basket sizes. For example, sales in the Electronics and Household Appliances segment fell by almost ten percent in calendar year 2022 compared to 2021. The Fashion segment is roughly on a par with the previous year. The Home and Living segment is growing slightly across the Group on the back of a compelling North American business, but is reporting a sharp decline in sales in Germany.

For the coming 2023/24 financial year, the Otto Group is expecting low single-digit growth in e-commerce. This cautious forecast is due to the continuing war in Ukraine and its unpredictable impact on economic developments in Germany and the rest of the world. Cost awareness will therefore become an even stronger focus in the coming fiscal year. In

addition, the high inventory levels, which have led to a significant increase in capital tied, must continue to be sold off through discounts, as has already been the case in recent months.

The Group is sticking to strategically necessary investments, but in individual cases is extending them over a longer period of time and adjusting them to the changed demand situation. Still, the recent stagnation to slight decline in inflation, the increase in consumer confidence and the continued loyalty of Otto Group customers give reason for hope.

Sebastian Klauke: "We are experienced in adapting quickly and flexibly to new situations as they arise on the market. And this is also helping us now. Particularly in times of crisis, we can benefit from the fact that we have put our backs into driving forward our digital transformation in recent years. This makes us fit for the future, even if we have to continue to run on sight for the time being."

The retail and services group is continuing to drive innovation forward. OSP (Otto Group Solution Provider), for example, has just launched a live-shopping platform, developed jointly with other Group companies and is also marketing the new software to non-Group businesses. The software solution can be individually tailored to the needs of each e-commerce company and its customers, and buys into the trend in event shopping.

The sales potential behind live shopping is immense. In China, for example, more than 40 percent of all online purchases are already made with the help of such formats; while studies in Germany show that two out of three respondents can well imagine making purchases through digital live events. As a pioneer of live shopping, the Otto Group has already streamed over a hundred pilot formats through Group companies such as OTTO, About You, Bonprix and Mytoys.

Another innovation currently being pursued at full speed in the Otto Group is digital product development. Here, Bonprix, for example, is successively converting its collection development from traditional analog processes to purely digital ones: using the latest

software technology, patterns for new styles are developed digitally, then visualized and fitted in 3D on an avatar. A style can therefore be approved for production and the fit optimized without having to produce a physical sample of the product.

This new process is also favorable for quality assurance, guaranteeing consistency of fit for customers. Style cuts are no longer developed by producers, but directly at Bonprix – thereby bringing outsourced skills back into the company. Product development, which to date has been both time and resource-intensive, has become more efficient, more flexible and, above all, more sustainable in terms of ecological, economic and social resources.

The Group remains committed to investing further in digital transformation and logistics that are strategically necessary, but is examining the possibility of extending the timeframe of investments on a case-by-case level.

* Revenue adjusted for effects from changes in the Otto Group's corporate portfolio between financial years 2021/22 and 2022/23.

Otto Group

Founded in 1949 in Germany, the Otto Group is today a globally operating e-commerce and service Group with around 43,000 employees in 30 significant corporate groups, primarily present in the three economic areas of Germany, the rest of Europe, and the USA. Its business activities extend to the Platforms, Brand Concepts, Retailers, Services, and Financial Services segments. In the 2021/22 financial year (28 February), the Otto Group generated revenue of EUR 16.1 billion. With online sales of around EUR 12.1 billion, the Otto Group is among the world's largest online retailers. The Group's main strength is its broad-based presence with various ranges of products for diverse target groups in important regions around the world. A number of strategic partnerships and joint ventures offer the Otto Group outstanding conditions for the transfer of know-how and the use of synergy potential. A high degree of entrepreneurial responsibility and the Group companies' will to collaborate guarantee both flexibility and customer proximity along with optimal appeal to target groups in each country.

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