

## Press Release

Hamburg, 14 October 2022

### **After record years, Otto Group posts slight decline in revenue**

**Against the backdrop of the ongoing difficult macroeconomic environment, with inflation particularly exacerbated by the war in Ukraine and with demand in decline, the Otto Group presents a mixed picture of the first half of the 2022/23 financial year. From March to August this year, Group revenue was down 5.6 percent globally on a comparable basis\* (reported 1.8 percent down).**

Despite significantly growing overall revenue to 16.1 billion euros in the last financial year, business performance this year has been uneven across the different business units for the international retailing and services group of companies. While the Otto Group remains clearly on a growth course in its foreign markets, the picture in Germany, which has been more deeply impacted by the economic situation, is less encouraging. On a comparable basis, the Otto Group grew by 8.2 percent abroad, and by as much as 13.8 percent when excluding adjustments for currency translations. In Germany, on the other hand, revenue was down 13.5 percent on a like-for-like basis in the first half of 2022/23, reported at 11.1 percent. The downturn in the retail-related Services segment as a direct result of falling orders is significant. As the rise in procurement and energy costs cannot wholly be passed on to customers, the operating result also slumped after the first two quarters of 2022/23. In other respects, the Group's revenue continues to be well above the comparative figures from the pre-coronavirus period.

Alexander Birken, CEO of the Otto Group: "We are in this much-cited perfect storm. As is the case across the entire retail landscape, we too are facing the major challenge of balancing consumer restraint, rising costs and making the necessary investments. However, we do have the great advantage of having two extremely successful business years behind us. And so we are operating on a very solid basis. We are storm-tested and set the right sails years ago by digitalizing our business models and sales channels and invoking a comprehensive cultural change process. That has helped us through the coronavirus lockdowns and is helping us now."

In comparison with other market players, the Otto Group's diversification by business model and region is also ensuring greater stability in the competitive environment – all the more so given the vagaries in demand of the various target groups and markets.

Customers in Germany and large parts of Europe are far more price-sensitive than they currently are in the USA or the UK: demand for furniture, for instance, declined on the German market in stark contrast to the successful retail business in North America.

It is gratifying to note that the various Otto Group companies in the retail sector are succeeding in further activating their respective customer bases in the face of the poor consumer climate. In addition, revenues in some business models were slightly up in September - even when compared to a strong September 2021. At this stage, however, it is not possible to deduce any general reversal of trend. Sales of warm clothing and any items that might help people get through a potentially cold winter – from blankets to radiant heaters, radiators and log burners – continue to develop promisingly. One thing that is certain is that the fall/winter season, which began in September, and the Christmas business, will continue to be characterized by considerable uncertainty among consumers, especially in Germany.

Alexander Birken: “At this point in time, it is simply not possible to make any forecasts concerning developments in the second half of the financial year. The fact is that macroeconomic conditions are causing our operating profit to fall off. However, we are hoping for a recovery in demand in the coming months, especially as we are very well prepared for the Christmas business despite the major challenges in procurement and disruptions to supply chains. Our retailing companies are well stocked and we are more than capable of meeting deliveries across all commodity groups.”

In view of the current challenges, the Otto Group believes its focused growth strategy has been vindicated and is sticking to its related strategic investments in digital transformation and logistics. The aim of these investments is to further improve performance in respect of customers. In addition, issues relating to sustainability, climate action and environment will continue to be driven forward undiminished.

\*On a comparable basis (effects of change in the scope of consolidation and currency translation)

### **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.

*For further information on the Otto Group, visit [www.ottogroup.com](http://www.ottogroup.com)*

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