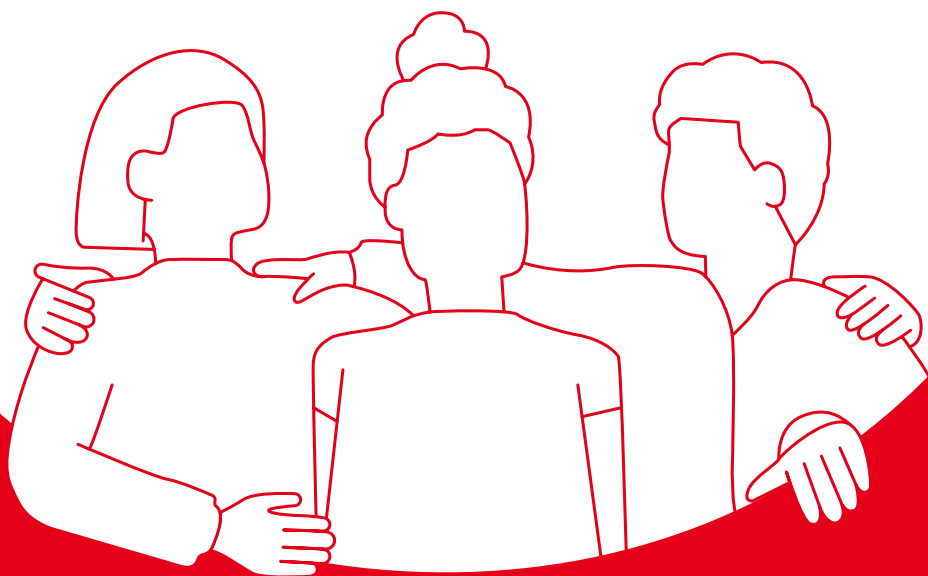


What matters to us now



2022 / 23 Annual Report

otto group

Key figures

The Otto Group is looking back on one of the most challenging financial years in its history. Hallmarks of the 2022/23 financial year included a volatile macroeconomic environment, severe constraints on the consumer climate as well as reluctance to purchase, especially in the principal sales market of Germany. The Otto Group's diversification in different sales and procurement markets as well as in its business models proved to be a great strength, so that worldwide revenues in the 2022/23 financial year remained at the previous year's strong level of around EUR 16.2 billion. E-commerce revenues experienced a slight decline, although they remained with around EUR 12.0 billion close to the previous year's excellent level. Overall, a rise in procurement prices and increased factor costs placed a heavy burden on the operating results. Despite the challenging trend in regard to revenue and earnings in the 2022/23 financial year, the Otto Group continued its very considerable investments in logistics and IT infrastructure and remained true to the ongoing digitization of its business models.

Group		2022/23	2021/22
Revenue	EUR billion	16.2	16.1
thereof e-commerce revenue	EUR billion	12.0	12.1
EBITDA	EUR million	589	1,204
EBIT	EUR million	22	677
EBT	EUR million	- 224	1,863
Loss/profit for the year	EUR million	- 413	1,814
Group equity	EUR million	5,168	5,495
Net financial debt	EUR million	2,813	714
Free cash flow	EUR million	- 1,219	867
Employees	number	41,186	42,705
thereof domestic	number	24,282	24,088
thereof foreign	number	16,904	18,617
Credit metrics*			
Cash EBITDA	EUR million	1,177	1,765
Group equity ratio	in %	36.8	40.1
Debt service ratio	in years	2.4	0.4
Debt to equity ratio	ratio	0.5	0.1
Sustainability indicators (selected goals from the CR strategy**)		2022	2021
Reduction of adjusted CO ₂ e emissions (compared to the base year of 2018)	in %	- 21	- 18
Proportion of "preferred fibers"	in %	55	53
Proportion of FSC®-certified furniture products	in %	83	78
Proportion of sustainable catalog paper	in %	90	77
Proportion of sustainable packaging	in %	78	71

* For a definition of these financial indicators, please refer to the "Credit metrics" chapter of the Group Management Report.

** The CR strategy covers all Group companies that make a sizable contribution to the Otto Group's external revenues in two consecutive financial years. For a detailed description of the CR strategy, please refer to the "Sustainability" chapter.



We are living in challenging times. Russia's war of aggression on Ukraine, inflation and the climate crisis have provoked widespread concern. Progressive digitization of retail concepts remains a complex undertaking. These factors affect us as a company. The uncertain framework conditions impacting the economy prompt us to focus our efforts. Indeed, the right focus is more important than ever before.

In our view, the need to deploy our resources even more purposefully presents a considerable opportunity: We are concentrating on the things that truly matter. Our ability to find this focus is strengthened by our claim to consistently give our best for customers, our fundamentally inalienable values, our commitment to economic and sustainable action with responsibility for people and nature and by our corporate culture.

2

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Foreword Alexander Birken



Dear partners and friends of the Otto Group, ladies and gentlemen,

It is just twelve months since we were able to report on the conclusion of the most successful financial year in the history of the Otto Group. Now, looking back at the 2022/23 financial year, we must admit that we have not been able to meet our own expectations in regard to revenue and especially to income.

War, inflation, and consumer reticence have all hampered our business. It may be a consolation that we were able to maintain our revenues at a good EUR 16 billion due to positive growth on the international markets, especially in the USA. The fact that we were able to essentially break even in the relevant EBIT margin at the end of the financial year might also be comforting, despite sharp rises in numerous factor costs. Nonetheless, we cannot fail to acknowledge the stiff challenges we face.

In the new financial year, we will continue to consistently pursue the strategy of managing liquidity and earnings upon which we have already embarked. What this means in practice is that we will place an even stronger focus on costs along all stages of the value chain and in all decisions we make.

In doing so, we will proceed along the value-oriented and strategically clearly defined Otto Group Path we set out on seven years ago. Our focus will be on high-growth sets of Group companies in promising business segments. Also in this year we are investing a three-digit million euro amount in our future and are paying strict attention to invest in precisely those areas with the greatest strategic relevance.

We will pay strict attention to continued investments in the future.

This begins with the ongoing digitization and reform of business models such as the platform business of otto.de, in order to continue improvements in customer experience and efficiency. Doing so encompasses investments in our logistical infrastructure to accelerate customer delivery times and to boost performance. It relates equally to the new business area of digital health, which is intended to attract new customer groups and inspire loyalty in our current base.

Last but not least, we strive with undiminished vigor to balance between our economic activity and the global challenges in regard to the needs of society and nature. Current investigations – including our Trend Study on Ethical Consumption – show that customers are willing to reward these efforts.

Let us hope that the horrors of the war in Ukraine will come to an end and that the energy crisis, inflation and consumer reticence will soon be confined to the past.

Yours,

Alexander Birken

Chairman of the Executive Board and
Chief Executive Officer (CEO)

The Executive Board



Petra Scharner-Wolff

Chief Financial Officer (CFO),
Member of the Executive Board
Finance, Controlling, Human Resources

Kay Schiebur

Member of the Executive Board
Services



Sebastian Klauke

Member of the Executive Board E-Commerce,
Technology, Business Intelligence and
Corporate Ventures

Dr Marcus Ackermann

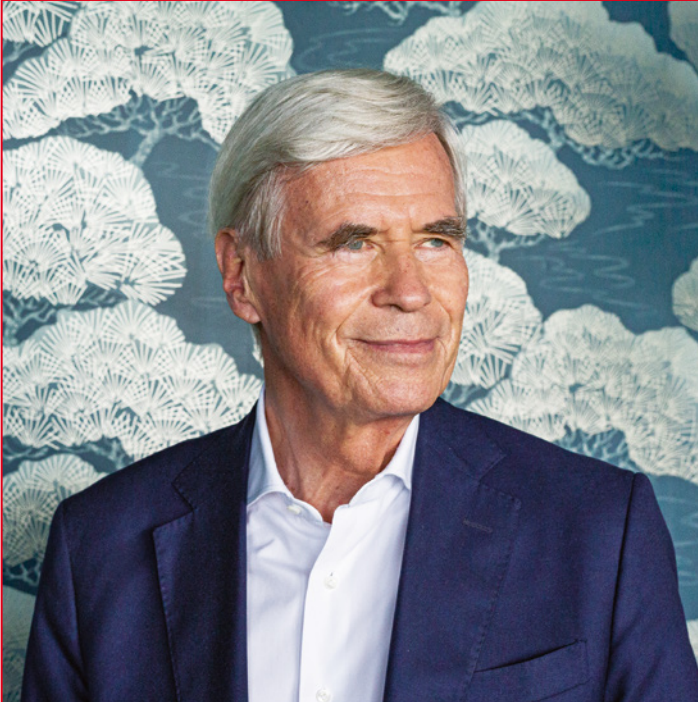
Member of the Executive Board
Multichannel Distance Selling



Sergio Bucher

Member of the Executive Board
Brands and Retail

Foreword Prof Dr Michael Otto



Dear partners and friends of the Otto Group, ladies and gentlemen,

I have experienced many crises in my long professional life, but the sheer extent to which war, inflation, supply chain problems and consumer restraint have shaped the market environment over the past year is unique, even for me.

Although we have been spared a deep recession, retail and even online trade have suffered nonetheless, especially on the German market. The war on our doorstep in Ukraine is causing fear – and fearful people are reluctant to part with their money.

The Otto Group – as the largest online retailer with European roots – has not been immune, either. Overall, we can now look back on a disappointing financial year, despite the significant growth in international revenues that only marginally fell short of compensating the decline in Germany.

The Executive Board, management team, and employees have proven their incisiveness in these difficult times. They were quick to chart a course to overcome these daunting challenges.

We anticipate stiff headwinds on the markets this year as well – although I continue to believe in gradual recovery of the retail economy, which may already become evident this year, but certainly will in the following twelve months.

We look forward to the new financial year with respect and also confidence.

Our goal for this year must be to sustainably strengthen our resilience. To do so, there is still a need for income and liquidity management, efficient structures, keen awareness of costs and an ongoing strategy of investing in the future. We must tirelessly develop our business models – always in the interests of our customers. In all these endeavors, we intend to remain innovative, develop fresh ideas and scale the ones that appear auspicious.

Despite the current challenges, the Otto Group remains on very stable footing. We were able to strengthen our financial foundation in the two boom years during the pandemic. And we are experienced in using competence and foresight to achieve constant transformation within the framework of sustainable economic activity and to adapt quickly and flexibly to new market situations.

As shareholders, we acknowledge and support this course and look forward to the tasks facing the Group in a spirit of respect and confidence.

Yours,

Prof Dr Michael Otto

Chairman of the Supervisory Board

The Supervisory Board

Prof Dr Michael Otto

H A M B U R G

Chairman, Entrepreneur

Alexander Otto

H A M B U R G

Chairman of the Management Board
ECE Group GmbH & Co. KG

Benjamin Otto

H A M B U R G

Chairman of the Foundation's Board
Holistic Foundation

Birgit Rössig*

H I T T B E R G E N

Deputy Chairwoman of the
Works Council Otto (GmbH & Co KG)
Group Works Council Chairwoman

Frederic Arndts

H A M B U R G

Member of the Board
GSV Aktiengesellschaft für Beteiligungen

Marius Marschall von Bieberstein

B E R L I N

Managing Partner
evoreal Holding GmbH & Co. KG

Jürgen Bühler*

H A N A U

Chairman of the Works Council sheego GmbH

Torsten Furgol*

M A G D E B U R G

Division Manager ver.di Trade Union
Sachsen, Sachsen-Anhalt, Thüringen

Dr Rainer Hillebrand

H A M B U R G

Independent management
and strategy consultant

Heike Lattekamp*

H A M B U R G

ver.di Trade Union Secretary Commerce

Thomas Mort*

L U H E - W I L D E N A U

Deputy Chairman of the Works Council Witt Group
Deputy Chairman of the Works Council Otto Group

Heinrich Reisen*

G R E V E N B R O I C H

Chairman of the General Works Council
Hermes Germany GmbH

Lars-Uwe Rieck*

H A M B U R G

Regional Specialist ver.di Trade Union
Secretary Post and Logistic

Benjamin Schaper

H A M B U R G

Managing Director GFH Gesellschaft für
Handelsbeteiligungen m.b.H.

Hans-Otto Schrader

H A M B U R G

Chairman of the Board
OTTO Aktiengesellschaft für
Beteiligungen

Dr Winfried Steeger

H A M B U R G

Attorney

Monika Vietheer-Grupe*

B A R S B Ü T T E L

Chairwoman of the Works Council
bonprix Handelsgesellschaft mbH

Sandra Widmaier-Gebauer*

H A M B U R G

Executive Employee
Group Vice President Human Resources

Prof Dr Peer Witten

H A M B U R G

Chairman of the Board
GSV Aktiengesellschaft für Beteiligungen

Inka Wolff*

H A L D E N S L E B E N

Works Council Member
Hermes Fulfilment GmbH

* Employee representative



“It is important to me that the Otto Group remains prepared for the future of logistics. I pool our current knowledge of AI and robotics and harness it to design business cases that enable our Group companies to be successful.”

Raphael Maier,
Group Vice President Supply Chain Management Otto Group

OUR STRATEGY

What matters to us now

We will apply our focused growth strategy and operate within our financial limits to invest in innovation that improves our response to the changing wishes of consumers. In doing so, we will leverage the potential of digitization to strengthen our business and to create a better experience for our customers. We will continue to drive collaboration, sharing and empowerment as part of our cultural change and hence ensure a strong performance. And last but not least, we will maintain our focus on protecting our environment and social standards. We intend to preserve resources and raise awareness for

ethical consumption at the same time. These things matter to us.

For us, however, focusing in these challenging times also means – and more than ever – striving for efficiency and safeguarding earnings. We therefore act in a consistently earnings- and liquidity-driven manner. We will draw on our strengths to adopt an appropriate response to current challenges. Included in this is the ability to remain agile yet still cohesive in order to preserve our incisiveness and success going forward.

Performance

We are experienced in adapting quickly and flexibly to new market situations. We benefit from the consistent pursuit of our focused growth strategy over recent years and the significant commitment and effort we have shown to drive our digital transformation. Focus is always an opportunity: We will concentrate our activities on particularly relevant and forward-looking fields of action that match our strategy. These things matter to us now.

Focused growth strategy

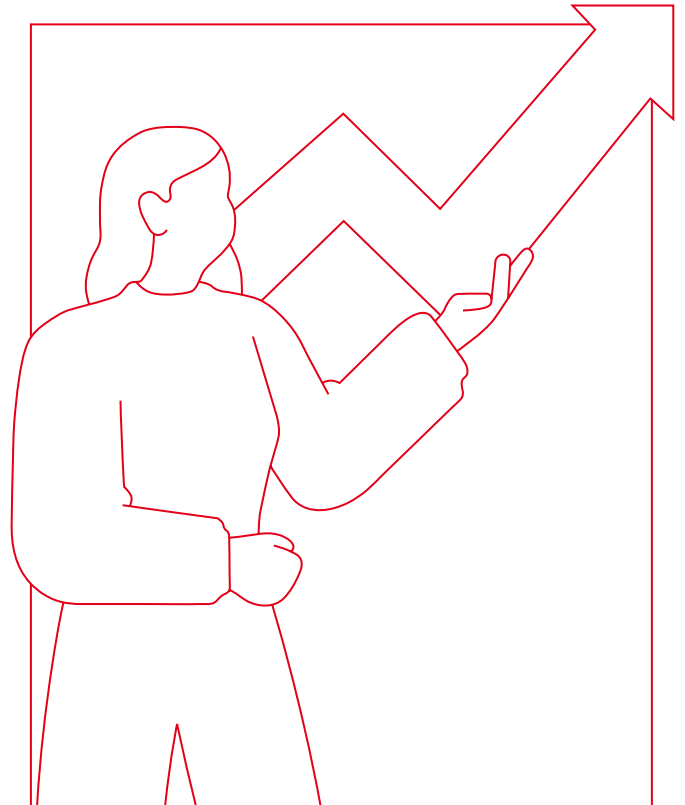


The war in Ukraine, inflation and a general sense of crisis created a reluctance to purchase among consumers over the last financial year that affected retailers around the world and especially the Otto Group's core market of Germany – both analog and digital. In spite of this, Otto Group revenues remained stable at a high level.

The cautious consumer climate led to a year-on-year drop in revenue, particularly in Germany – a factor that has prompted us to manage the Otto Group with even more focus on earnings and liquidity. After all, the higher costs along the entire supply chain are significantly affecting results.

At the same time, the past strategic decisions to invest in brand-relevant business models and an international focus within the company have contributed to diversification that lends stability to the Otto Group in times of crisis. For instance, declining revenues in Germany are offset by positive growth of almost ten percent on the international markets. This emboldens us to continue to make strategically necessary investments even in challenging times, for instance in transformation projects and logistics.

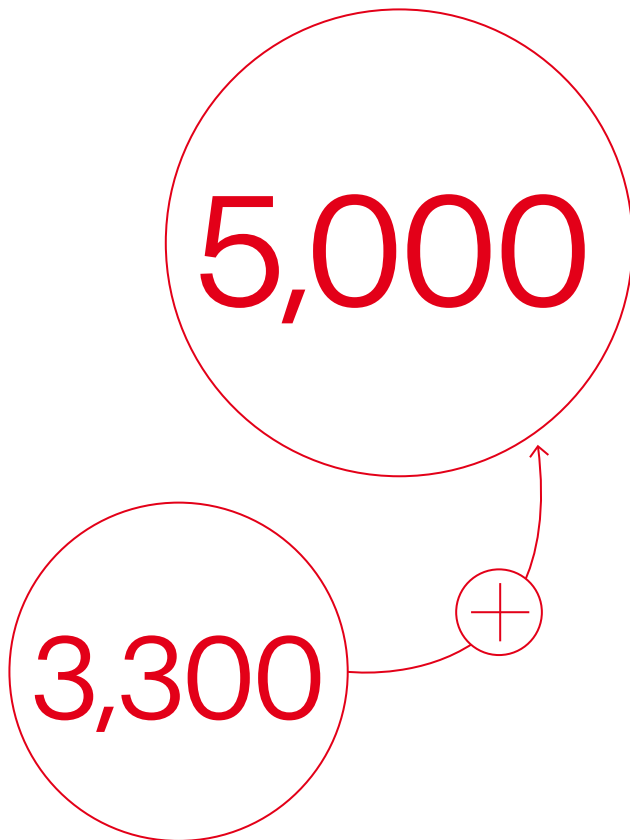
The loyalty shown by our customers proves our ability to show strong business management in times of crisis. Although our customers have become increasingly price-sensitive in general and have less pro capita disposable income, their total number even rose over the course of the last financial year. And even if year-on-year revenues have not achieved the growth rates we anticipated prior to the Russian attack on a European country, it is nevertheless fair to say that they remain clearly above the level recorded before the COVID-19 pandemic.



OTTO
Active customers

11,300,000

OTTO
Growth in marketplace partners



Crate and Barrel



Operating in the United States and Canada, the furnishing and lifestyle group managed to continue its above-average growth of previous reporting periods over the past year. As the Otto Group, this teaches us that diversifying our business on the international markets has improved our resilience, especially in times of crisis. Over the past financial year, Crate and Barrel again managed to demonstrate impressively how we can apply a rigorous focus on the needs of our customers and smart adaptation of our business models to current trends and developments in order to continuously expand our business.

Cultural change

We launched Kulturwandel 4.0 (cultural change) eight years ago, giving a name to our biggest transformation process to date. We do not compromise on cultural change, even in times of crisis. After all, it was precisely this process that enabled us to keep up with the pace of digitization and social change and to actively make a difference. Everything we had already achieved in our cultural change process helped us to show agile responses to the extraordinary circumstances during the pandemic years.

Now more than ever, in challenging times, it is vital to increase our focus even more. And not just as lip service. Instead by adopting conscious behaviors that help us to concentrate internally on truly beneficial areas: Where can we reduce complexity? How can we do what we do more efficiently and better? In what ways will this improve our performance as an organization and a company? We want to act with more focus in order to remain viable and achieve more sustainable success.

“Consumers have less in their wallets due to rising prices for energy and food. It is therefore only natural that they shy away from spontaneous purchases, are more likely to avoid brand names and have mothballed more costly purchasing decisions. On a more positive note, however, we have lost hardly any customers. Their buying behavior may have changed, but their loyalty to OTTO has not.”

Marc Opelt, Chairman of the Divisional Board OTTO
and Divisional Board Marketing

Innovation

Those who perceive renewal and further development as luxuries that can be set aside in more difficult times have failed to grasp the speed at which society and our business are changing. This prompts us – as a retail and service company – to drive innovation issues precisely now, especially where digital transformation creates opportunities that translate into measurable progress for us as a company and our customers. These things matter to us.

Generalized Artificial Intelligence (AI) in logistics



The Otto Group is using a long-term strategic partnership with Covariant, the world's leading AI Robotics company, to lay the foundation for future growth and is taking yet another important step towards a digitized and AI-driven future.

The underlying generalized Artificial Intelligence intelligence can be applied to numerous handling processes in logistics and solve a wide variety of problems. By integrating AI into its current logistics processes, the Otto Group is improving services for its customers, increasing operational efficiency, enhancing resilience to labor market challenges and improving the overall quality of work in the fulfillment centers. The goal: To achieve optimized performance and precision in e-commerce processing and hence to deliver a premium, reliable and consistent customer experience.



Future viability:

AI as a vital factor in successful logistics



Efficiency:

Speed and accuracy in goods handling for an optimized customer experience



Flexibility:

Deployment of AGI for innumerable use cases



New work:

Creation of new job profiles and attractive workplaces

Digital product development



Bonprix is gradually converting collection development from analog to digital processes. This represents a fundamental improvement of the entire production process that renders immediately tangible the positive effects of successful digital transformation. For example, patterns for new styles that were previously created from real fabrics are now developed in a digital 3D program. The garments are visualized on an avatar and then digitally fitted using the following steps: Doing so optimizes the fit and production release process, without requiring a physical sample. Digital product development is creating more than just a new and forward-looking job profile. It is also yielding other very specific benefits that demonstrate the future viability of this innovation.

- Customer centricity: Guaranteed consistency of fit
- Productivity: Speed in the process chain
- Adaptability: The ability to ensure agile responses to all trends
- Sustainability: Elimination of physical samples and emissions in production and transport

“Digital processes improve the quality of our products and accelerate the time to market.”

Solveigh Keikavoussi,
3D product developer at Bonprix

Live shopping



TWO THIRDS OF respondents can already imagine shopping regularly at digital live events

TREND!

On the one hand, customers have become accustomed to the complete flexibility of time and place that makes online shopping so convenient. On the other hand, though, the power of the moment and the personal touch that make analog shopping trips so memorable are occasionally absent. Living shopping combines the benefits of both customer experiences. And because the trend is so successful – incidentally also at numerous Otto Group companies – our IT service provider Otto Group Solution Provider (OSP) developed MOVEX Live Shopping last year as a state-of-the-art live shopping platform for the Otto Group. It enables the adaptation of live shopping experiences to the specific needs of individual e-commerce companies. This means that the new platform can be made available to external companies as well.

Highlight: OTTO live shopping events for Black Friday 2022 with approximately

60,000

viewers

Successful: More than

300

live shopping shows

in the Otto Group since 2021 – for instance at About you, OTTO, Sheego, Mirapodo and Bonprix

Responsibility

Sustainability has been firmly embedded in our DNA since 1986. The need to take our corporate responsibility seriously, even in challenging times, is self-evident to us. Accordingly, we will continue to focus consistently on protecting the environment and the well-being of people around us and in our supply chains. At the same time, we intend to preserve resources and raise awareness for ethical consumption in the fight against climate change. These things continue to matter to us. The fact that consumers are increasingly expecting companies to fulfill these requirements merely confirms the path we have taken.

Trend study



The Sixth Trend Study on Ethical Consumption shows: Even in difficult times, German consumers are guided by aspects of sustainability. They are calling on companies to take more decisive action and introduce concrete measures to combat climate change and preserve the foundations of human life.

“We can only achieve our defined goal of achieving net-zero emissions and resource-efficient production by switching to circularity. The Otto Group has taken clear action to drive this transformation.”

Prof Dr Tobias Wollermann, Vice President Corporate Responsibility Otto Group

62%

of consumers view ethical consumption as an integral part of their purchasing considerations. This value has dropped by eight percent compared to the last trend study in 2020 – but a clear majority remains committed to sustainability.

Companies are expected to produce more than just a ‘purpose statement’. Consumers are demanding clear steps, for instance towards circularity. The Otto Group has enshrined circularity in its sustainability strategy and is prepared not only to follow the path from a throwaway to a circular society, but also to play an active role in shaping its structures.



- Bonprix introduced Cradle-to-Cradle®-certified items to its range back in 2021. Among the factors applied by the holistic standard to evaluate are material health, product recyclability, climate and water protection and social fairness. The pilot range was then expanded in 2022 – taking a step towards even more circularity and sustainability at Bonprix.
- Circular fashion: OTTO launched its first 'Circular Collection' made entirely from recyclable materials in 2022. Each garment has a stitched-in digital product ID that contains all information about the material, production and the correct channels of return.
- Second hand: Second Love by About You sells second-hand fashion that has been checked for authenticity and quality by experts. The online fashion store is using this channel to promote sustainable purchasing decisions and make an important contribution to circularity.
- Durability: Manufactum offers a repair service to ensure that its already sustainable and high-quality products remain usable for even longer. Moreover, the company takes care to create timeless product designs with a higher resale value.
- Packaging: OTTO is cooperating with the start-ups Wildplastic and Traceless in its attempt to identify greener shipping methods. Traceless produces shipping bags that are one hundred percent compostable. The shipping bags from Wildplastic are made from discarded plastic waste collected from the environment in countries without recycling systems.

- Logistics: Hermes is driving the increased use of electromobility and alternative drive technologies in order to reduce the transport-related ecological footprint, particularly in the 'last mile': Shipments and returns are to be carried emission-free in the inner city areas of Germany's 80 largest urban centers by 2025. Aside from the nationwide expansion of electromobility, pilot projects have been launched to test other alternative delivery concepts such as cargo bikes. In Berlin, the parcel service provider has already been operating local zero-emission delivery services on an area of 40 square kilometers since the summer of 2021. The company aims to supply its home city of Hamburg – and for the first time an entire city – with zero-emission deliveries over the last mile by the end of 2023. Hermes Germany has also been using intelligent, digital route planning for deliveries since 2018. The systems reduces mileage and therefore CO₂ emissions over the last few meters in the shipment of parcels and packages.

German Act on Corporate Due Diligence Obligations in Supply Chains



Introduced in early 2023, the Supply Chain Act (Lieferkettensorgfaltspflichtengesetz, LkSG) requires companies to comply to a reasonable extent with human rights and certain environmental due diligence obligations in their supply chains. The Otto Group has systematically advocated better social and environmental standards and decent working conditions in its supply chains for more than two decades and believes it is in a strong position to accommodate the sweeping requirements. Transparency is of elementary importance in the upcoming tasks, requiring the identification of all unknown actors in the supply chain. This is an ambitious goal if one considers that over 60 businesses are involved in the production of a refrigerator, to name just one example. But one thing is clear as well: Only once the respective actors have been identified can the situation on the ground be assessed and measures to improve social and ecological production conditions implemented. The Otto Group is therefore focusing precisely on this aspect.

ottogroup.com/bpk2023



Corporate overview

Selected companies and brands

The Otto Group as a globally active retail and services group is represented by 30 major company groups primarily in the three economic areas of Germany, the rest of Europe, and the USA.

Platforms		Brand Concepts		Retailers	
About You OTTO		Bonprix Crate and Barrel Heine Küche & Co Sheego Venus Witt		Baur Retail Frankonia Freemans Grattan Limango Manufactum Mytoys* Unito	
Services			Financial Services		
Baur Logistics Evri** Girard Agediss Hermes Einrichtungs Service Hermes Fulfilment Hermes Germany** Otto International			EOS Group Hanseatic Bank**		
Headline**		Project A**		Betterdoc	Claravital Medgate
<div>* Operations will be discontinued by the end of February 2024 at the latest, while the Mytoys brand will continue to be offered on the otto.de platform.</div> <div>** Investment companies</div>					

Chronicle

2022 → 23

The 2022/23 financial year was one of the most challenging in the history of the Otto Group, as its beginning almost coincided with the outbreak of war in Ukraine. The consequences of this event for society and the entire European economy are dramatic. Rising commodity and energy prices led to a huge rise in inflation, provoking significant uncertainty within the population and causing pronounced consumer restraint in some areas.

Our goals for the current financial year are therefore: To continue to ensure the stability of the Otto Group even in times of crisis, to adopt long-term management procedures while maintaining an innovative approach, to seize opportunities and to take responsibility for our employees, partners and society.

2022

March

Support for Ukraine

The Otto Group provides around EUR 750,000 in cash and in-kind donations and launches extensive fundraising and aid campaigns to support people fleeing the Russian war of aggression in Ukraine. It is offering direct assistance in neighboring countries such as Poland by organizing aid deliveries, accommodation and job opportunities, and also by collaborating with various charitable and aid organizations in Germany. The human resources departments at the numerous Group companies within the Otto Group are building networks in order to offer Ukrainian refugees career prospects in Germany as well.

Otto Group launches the new business area of Digital Health

The Otto Group has acquired a majority stake in Swiss Medgate Holding, a provider of digital health services, including telemedical consulting. In addition to its home market of Switzerland, the digital health company has also been operating in Germany since 2020. More than 150 experienced doctors advise and treat patients around the clock, 365 days a year, via app, phone, video and chat. At the same time, Medgate Holding has taken over Betterdoc GmbH, a data analysis service operating in the DACH region, which helps patients to identify the right doctors and clinics for their condition.

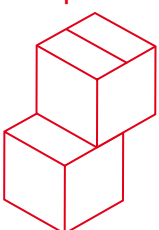
Hermes Parcelnet becomes Evri

New name and fresh look for Hermes Parcelnet Ltd. in the United Kingdom: The Otto Group's minority stake is now operating under the brand name Evri. All UK locations, the vehicle fleet and the over 5,000 parcel shops will receive a new logo. The new brand is accompanied by further investments in human resources, customer services and sustainability – including the commitment to reduce all CO₂ emissions to zero by 2035.


Zero-emission delivery in Dresden

Hermes Germany continues to drive sustainable city logistics: Starting now, over 3,000 shipments will be delivered in Dresden's city center each day without causing any CO₂ pollution. In total, 21 e-transporters will be deployed to deliver the approximately one million consignments per year, and there are plans to roll out the use of cargo bikes starting in the summer. This means that over 300,000 residents of Dresden will receive zero-emission deliveries.

1,000,000
shipments



Diversity



New diversity booklet

The Otto Group's new Diversity and Inclusion Booklet provides an overview of the various diversity dimensions in the Group companies. It describes the Otto Group's stance in each of the seven diversity dimensions of 'Physical and Mental Abilities', 'Gender and Gender Identity', 'Sexual Orientation', 'Age', 'Religion and Ideology', 'Ethnic Origin and Nationality' and 'Social Origin' and presents exemplary projects, initiatives and networks. It also states clearly where action still needs to be taken to ensure that diversity and equal opportunities become enshrined within the Otto Group.

April

Less textile waste with the Circular Collection

OTTO launches its first circular, resource-efficient fashion collection. The recyclable textiles are produced

in such a way that the raw materials can be reused. Every garment in the Circular Collection has a digital product ID: a permanently stitched NFC tag that contains information about the material, production and the correct channel for returns. This enables companies tasked with sorting used textiles to identify precisely the components contained in the garment – and reuse them accordingly or recycle them in a high quality. The raw materials therefore remain in the cycle, instead of just producing fabric waste.

Undyed products for greater sustainability

Bonprix continues to drive its ambitions in the area of sustainability: The international fashion company presents its first 'undyed' styles – products that do not require any dyeing at all – with the 2022 spring/summer collection. At the same time, Bonprix expands its strategic partnerships in the areas of organic cotton and circularity, taking further important steps in its sustainability strategy: The fashion company intends to offer only sustainable products, make its supply chain transparent – from fiber production onwards – and achieve climate neutrality by 2030.

New Public Affairs Unit in Berlin

The Otto Group strengthens its public affairs by establishing a dedicated branch office in the capital city of Berlin. Operating from there, a team of political scientists, communications experts and lawyers are coordinating the political communications of the Otto Group's Group companies and represents their interests at political level in Berlin and Brussels.

Digital spring cleaning

The Otto Group begins its first group-wide digital spring cleaning. It is supported by a large number of colleagues, freeing up at total of 6.5 terabytes of storage space. This is roughly equivalent to 90 days of continuous streaming in full HD on Netflix. Aside from cleaning up in the cloud, on servers as well as on local hard drives, the action was also intended to raise awareness for the impact of digital tools and exponential data growth on the environment. The careless use of digital resources is reflected in the storage of more and increasingly large files – often at several locations simultaneously. This is a serious problem if one considers the carbon footprint and associated costs. Digital routines influence mental health as well: Many feel overwhelmed by the rapidly rising flood of information and are at risk of losing sight of what matters.

May

Triennial at the Otto Group Campus

The Otto Group is a partner to the 8th Triennial of Photography in Hamburg, Germany's largest photography festival. Twelve Triennial motifs can also be experienced during the summer months on the Otto Group Campus in the form of an interactive tour. Colleagues with an interest in art are invited to take an inspiring 'art break' during working hours and view the works on their own. In addition, the pictures are intended to encourage employees to return to the Campus after the long period of working from home during COVID-19.

AYA premiere in Milan

The 2022 About You Awards are held for the first time in the fashion metropolis of Milan. Germany's largest and most spectacular award show for social media and Gen Z is therefore entering the international arena. But the approach remains the same: The About You Awards adhere to a consistent social-first strategy and reward outstanding digital creators for their inspiration, messaging and impressive creativity. The awards focus on relevant personalities who use their own reach to make a genuine difference and drive sustainable change.

#AgainstThrowingAway

"Yes to durability. Yes to recycling. Yes to good things." Manufactum takes action against the throwaway society: A new image campaign calls for collective action, eschewing mind-sets that encourage spontaneous purchases and advocating more conscious consumption. This guiding principle of sustainability has epitomized Manufactum since its inception over 30 years ago and features in the campaign in the form of colorful, moving images with clear statements and a spirit of optimism. The aim is to raise awareness for the retail company in its core market of Germany.

Against
throwing
away

June

Half a century in the parcel business

Hermes
Germany



Hermes Germany turns 50: Founded by OTTO in 1972, Hermes Paket-Schnell-Dienst, now Hermes Germany, operates 13 logistics centers and over 275 proprietary and partner locations throughout Germany to create a stable and flexible network for its national and international business. The logistics provider transports over two million shipments on peak days and is a reliable partner for both large and small e-commerce companies (B2C) and for personal parcel consignments (C2C). With Hermes, customers can send their parcels and packages to over 150 countries around the world. 6,000 employees from more than 90 nations work for Hermes Germany on the national market.

Committed to the fight against child labor

The Otto Group is strengthening its commitment to protecting the rights of children in global supply chains. To this end, the Group has signed the Joint Action Pledge to combat child labor and agreed with Save the Children to expand the existing cooperation. In addition, the Otto Group supports the organization in specific relief measures for people who have fled Ukraine and donates EUR 100,000 to offer immediate and effective assistance to victims of the war and to alleviate suffering among children.

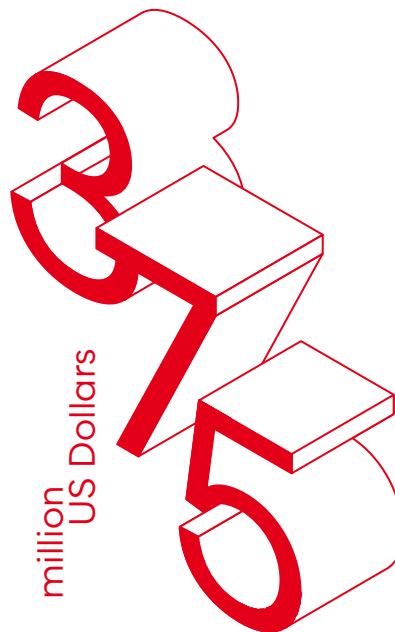
Final edition of the Baur special catalogs

Baur sends out its special catalogs for the last time after almost one hundred years. After 'Lust auf Sommer' (In the mood for summer) and 'Men & Style', it's time to draw the curtain on the latest fashion, shoe and home trends in paper form. In doing so, the retail company is proceeding to the next stage in transforming its business model to become an exclusively online retailer. The future of Baur will be digital-only to reflect the growing importance of baur.de and the Baur shopping app, which has been particularly notable in recent years.

Closing of the fourth generation of funds

Project A, one of Europe's preeminent early-stage investors, announces the closing of its fourth generation of funds. The Otto Group has been one of the anchor investors in Project A's fund since its very inception. The venture capital firm will use the fresh capital to expand its investments in the most promising European tech start-ups. With a total volume of USD 375 million,

the new fund is the largest in the company's history and increases the assets under management to USD 1 billion. Project A will therefore continue to support startup teams that use innovative technology to radically transform their industries. Its main focus is on the B2B segment and encompasses FinTech, commerce, enterprise software, data infrastructure, supply chain and climate tech. But the early-phase investor intends to maintain its strategy of investing in selected B2C companies.



BaFin license for OTTO Payments

The German Federal Financial Supervisory Authority (BaFin) has granted OTTO Payments the necessary license to provide payment services after a review lasting almost one and a half years. It now means that OTTO Payments can offer its customers, retailers and marketplace partners various payment options from a single source and no longer depend on external service providers, particularly for purchases on account and installment arrangements.

July

New climate protection initiative for fashion brands

In a first for the industry, the three online retailers About You, Yoox Net-a-Porter and Zalando are launching a cooperation with a free, customized learning platform to help brand partners set evidence-based targets to reduce their greenhouse gas emissions. This initiative is a key component in the climate protection efforts of these three companies, which have already defined ambitious reduction targets as part of the Science Based Targets Initiative (SBTi).

Shaping sustainability together

Bonprix, Otto Group Holding and OTTO organize two days focused entirely on sustainability at the beginning of July. All Otto Group colleagues are able to attend the event either live at the Otto Group Campus in Hamburg or in the digital realm. At the same time, campaigns on sustainability issues also take place at Mytoys in Berlin and at the Witt Group locations. In Hamburg, the colleagues are invited to visit a number of themed market stalls to gain an impression of how the Otto Group embraces sustainability and responsibility in general. An interactive program and a clothes swap party attract employees to the Campus, in addition to interesting project presentations, exciting keynotes and a 'Poetry Slam for Future'.

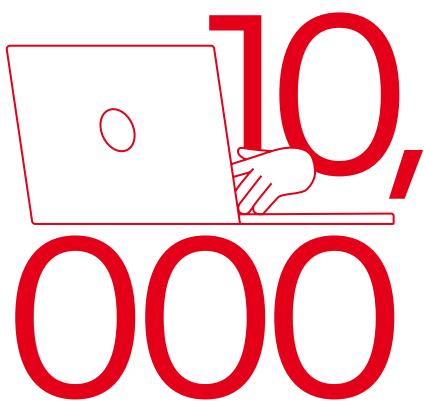
August

Successful first issue in the promissory note market

The Otto Group issued a promissory note loan with a total volume of EUR 382 million as part of its first issue on the promissory note market. Following a number of smaller pilot projects with promissory notes in the past, this is the first time that the Otto Group has placed a widely marketed promissory note transaction. The promissory note loan was issued with different maturities of three, five, seven, and ten years.

Learning in logistics

Around 10,000 commercial colleagues successfully completed the basic course on digitization, 'TechUcation@Logistik', which was developed on the Masterplan learning platform specifically for logistics specialists. The comprehensive learning content enables and encourages employees working in logistics to drive and actively shape the cultural change and the digital transformation in the commercial sector. Lifelong learning for all employees is vital to the Otto Group's transformation and future viability.



Otto Group acquires Claravital

The Otto Group continues purposeful expansion of its digital health services following the acquisition of Medgate and Betterdoc in March. With effect from August, the Group acquires all assets of Arvomed GmbH, which is primarily known under the Claravital brand. Established on the market for more than ten years, the online medical supply store for nursing products and aids is specialized in the care of best agers.

Sustainable cashmere collection

Just in time for the start of the 2022/23 autumn/winter season, Bonprix offers its customers an exclusive knitwear collection in which sustainable cashmere (The Good Cashmere Standard®, GSC) plays a significant role. The company is therefore putting a new focus on presenting modern interpretations of premium classics made from one hundred percent natural materials. The fashion brand is planning more highlights in premium quality for the upcoming seasons as well.

About You Fashion Week in Milan

The 2022 About You Fashion Week (AYFW) is held for the first time in Milan. Under the motto "Welcome to the unexpected", the first international AYFW welcomes more than 8,000 guests, international VIPs, content creators and industry insiders to the fashion metropolis Milan. 16 brand shows and worlds are created in addition to the stunning About You Fashion Show at the beginning of the five-day event. What is more, this year's AYFW is again amplified by a broad-based social media strategy, delivering essential content across all channels and hosting exclusive live shopping shows from various brands and content creators.

About You
2022
Fashion Week
Milan

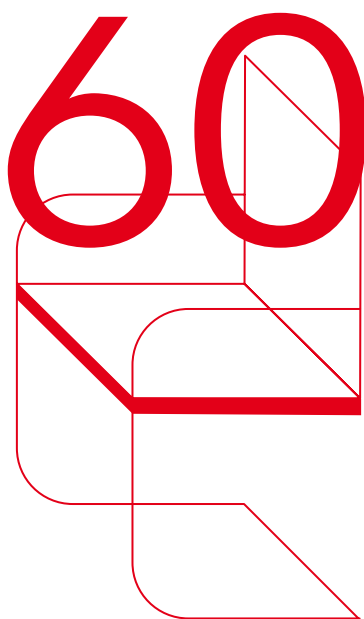
September

Fits Me Guarantee

True to the motto "The dress size may change, but the style remains!", Sheego offers its customers the new "Passt-mir-Garantie" (Fits Me Guarantee), which allows them to exchange their favorite item for another size free of charge on one occasion within a year of purchase if it no longer fits. The exclusive and innovative service applies to 24 key styles, with a focus on denim, as well as other selected items such as blouses, T-shirts and dresses. The returned garments are reused or recycled through the "Platz schaffen mit Herz" (Creating space with love) project.

Expansion of the NPL cooperation to Eastern Europe

The International Finance Corporation (IFC), a member of the World Bank Group and the world's largest development institution focusing on the private sector in emerging markets, and the EOS Group are intensifying their cooperation in the area of 'non-performing loans' (NPL) – loans in which the debtor is in default and is no longer servicing them voluntarily. With Croatia, Serbia, Bosnia and Herzegovina and Romania, the focus is on Eastern European countries that have a particular need for investment according to IFC criteria. The cooperation is organized by means of a recently established joint investment vehicle. The EOS and IFC investment level amounts to EUR 129 million over three years.



60 years of modern home design

Crate and Barrel celebrates 60 years of modern and meaningful home design. Selected pieces from sixty years of timeless living style will be presented with matching accessories in all branches of the furniture and home design provider for one month.

In addition, Crate and Barrel offers its customers an exclusive look behind the scenes and into the earliest days of the recognized US industry leader, which now runs over one hundred shops in the USA and Canada and has franchise partners in nine other countries.

Otto Group is a top employer

The Otto Group again secured an excellent ranking, coming fourth overall in the 'Working in Fashion' survey conducted by the trade journal Textilwirtschaft. The individual results are quite remarkable as well: The Otto Group came in first place in the two categories of "Good further training opportunities" and "Mobile work". In addition, the current study reveals that the aspects of "Good working atmosphere", "Good salary level" and "Job security" are particularly important to respondents, especially in the currently volatile times. Here, also, the Otto Group achieved good rankings, including second place in the "Job security" category and third place for "Good salary level". Around 7,000 graduates, young professionals and professionals from the textile and clothing industry and from the retail sector took part in the survey.

October

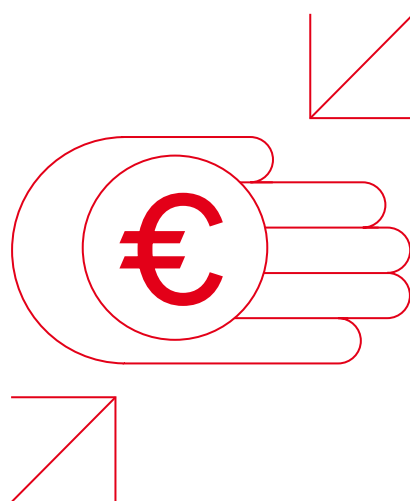
Energy efficiency in the Otto Group

Against the backdrop of the energy crisis and the need for energy efficiency – not least in the German economy – the Otto Group sees the reduction of energy consumption at its German locations beyond the statutory regulations as its socio-political duty, despite significant additional

costs. The Group is introducing sweeping efficiency measures to lower its consumption of gas, electricity and district heating in Germany by 15 to 20 percent in the winter months. All German Group companies are involved in the measures. Only selected buildings will be completely heated to a temperature of 20 degrees Celsius from October 2022 to February 2023. The room temperature in the remaining buildings will be reduced to between 15 and no less than 6 degrees Celsius. Work will then no longer be permitted in these areas for six months to comply with occupational health and safety requirements.

Germany leads the field for good payment practices

Payment practices have deteriorated in Europe since 2019. This trend has put the existence of one of every five companies at risk due to liquidity shortages. But the situation in Germany is different: Payment practices have remained constant here since 2019 and are still the best in Europe after three years. These were the findings of a representative EOS study "European Payment Practices", which surveyed 3,200 companies in 16 European countries.



Easing the strain with telemedicine

Emergency wards in Switzerland are increasingly overcrowded and at risk of collapse. Medgate is responding to the enormous need in the Swiss healthcare system and is further expanding its 24/7 doctors' emergency service. By offering telemedicine services, Medgate is easing the strain on hospitals and emergency wards up and down the country.

Otto Group is the most sustainable furniture retailer



The Forest Stewardship Council® (FSC®) announces the winners of the fourth FSC Furniture Awards in Milan. The Otto Group receives the special award 'FSC Retailer of the Year' as the most sustainable European furniture retailer. The award recognizes the Otto Group's long-standing commitment to sustainable and responsible forestry. The jury members describe the Otto Group as an FSC pioneer and one of the most important multipliers in the furniture sector. In addition, the Otto Group is helping forest owners in the Franconia region to have their forests certified according to FSC standards in a joint project with FSC® Germany. In total, more than 5,000 hectares of forest are likely to obtain their first certification in this way.



Honored

Dr Michael Müller-Wünsch, Chief Information Officer at the Group company OTTO, has been named CIO of the Year in the category of large companies and has therefore received the most prestigious award in the IT industry. In addition, around 200 business journalists select Thomas Voigt, Group Vice President Corporate Communications & Political Affairs Otto Group, as the best company spokesperson in the country. This award is presented annually by the trade magazine Der Wirtschaftsjournalist.

Scayle attracts new customers

Companies such as the Deichmann Group, Fielmann, S.Oliver Group, Defshop and FC Bayern are moving their online shops to the SCAYLE e-commerce platform. In doing so, the SaaS (Software as a Service) solution from About You is attracting new customers with a sales volume of around

EUR 100 million. Scayle provides companies with state-of-the-art software architecture, extensive functionality to build their international D2C business, marketplace capabilities, omnichannel functionality and numerous features to enhance the end customer experience in their online shop.

November

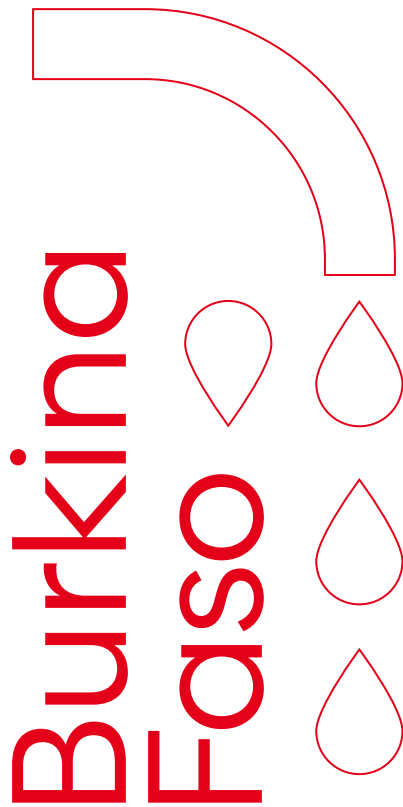
Good things are now available in Freiburg as well

Manufactum continues its brick-and-mortar growth and opens a new department store in Freiburg just in time for the Christmas season. Spread over 400 square meters in a prime old town location, the outlet boasts a selected range of products from the areas of clothing, home textiles, kitchen, garden, office, leisure and games, body care and food. The new outlet is the 15th branch of the retailer for good things.

Future Economy Leadership Award for Prof Dr Michael Otto

Prof Dr Michael Otto, Chairman of the Supervisory Board of the Otto Group, entrepreneur and philanthropist, is honored with the prestigious Future Economy Leadership Award for his life's work on the fringes of the World Climate Conference #COP27 in Egypt. The accolade is awarded by the NGO Future Economy Forum to persons or organizations that make an outstanding global contribution to an economic order that combines economic success with the regeneration of climate, nature, society and people.

Solar-powered
water kiosk



OSP, the Otto Group's international IT service provider with headquarters in Dresden, puts a new solar-powered water kiosk into operation in Burkina Faso. The project was completed in cooperation with the Atmosfair gGmbH climate protection organization and registered as Gold Standard. The opening ceremony for the water kiosk is held in the village of Ouargaye after just one year of construction. The residents test the newly built water treatment plant for the production of clean drinking water themselves and are particularly delighted by the new water supply for the local kindergarten. Moreover, the water kiosk enables the cultivation of fruit and vegetables, a fish farm and public access to electricity from the solar plant. At the same time, the kiosk replaces the practice of boiling water over an open fire – which is harmful to the environment and health – and therefore preserves valuable resources and avoids CO₂ emissions.

December

The working world in transformation

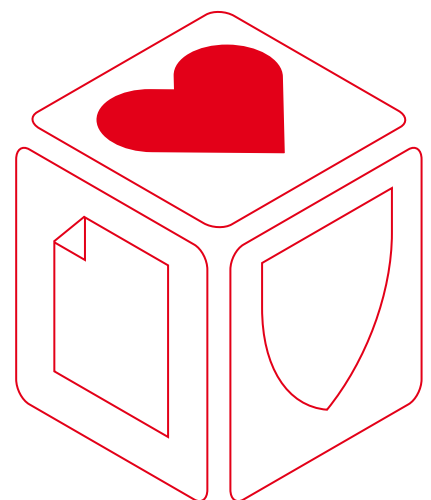
Quiet quitting, early fluctuation, shortage of skilled workers – profound changes are sweeping the labor market. The Otto Group recognized early on that in times of transformation, adaptability and versatility are apt levers to remain a high-performing company in the long term and to inspire new and current talent. Thanks to the cultural change process that was initiated eight years ago, the Otto Group has introduced far-reaching changes that have made the organization adaptable. This approach enables employees to experiment with new methods and processes again and again, to contribute to personal and company development and to adapt flexibly to new market conditions. All of this makes the Otto Group highly prepared for the future.

2023

January

Pakistan Accord signed

The Otto Group was among the first companies in the textile industry to sign the new Pakistan Accord for more safety in the textile and clothing industry. This agreement aims to establish close cooperation with Pakistani business partners and other stakeholders to improve workplace safety for thousands of workers in Pakistan.



Changing room scanners for the perfect outfit

The Witt-Weiden branch in Weiden has added modern displays with touchscreen function and scanner to expand its services for customers. A total of five screens show detailed product information in real time in the changing rooms and on the sales floor and suggest alternative items and possible combinations. Customers scan the item's label to access the product page in the Witt-Weiden online shop, where they can obtain the relevant information such as material, available sizes and additional colors etc. The Witt Group is using this technology to forge ahead with its omnichannel approach and digital transformation.

Rugs now come from Erfurt

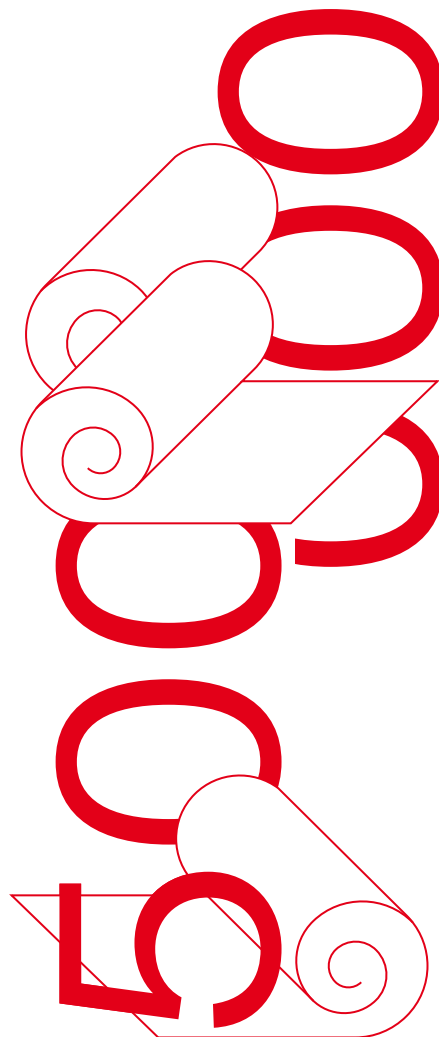
Hermes Fulfilment has opened what is probably Germany's largest carpet warehouse in Erfurt. The facility has total floor space of around 50,000 square meters. Half of that is reserved for carpets. The twelve-meter racks can hold up to 320,000 units at full capacity. The spectrum ranges from small bath mats in large quantities to a few examples of selected Persian carpets. The Hermes Fulfilment Group in Erfurt can handle up to 10,000 orders a day. Each year, the company dispatches around 500,000 floor coverings for the Otto Group's retail companies.

200,000
€
donations

February

25 years of Baur in the Otto Group

Prominent visitors at the Baur Group's New Year's Reception, jointly organized by Friedrich-Baur-Stiftung and the Otto Group: Bavaria's Minister for Europe, Melanie Huml, and Prof Dr Michael Otto, Chairman of the Supervisory Board of the Otto Group, address 200 guests from politics, business, media, culture and science in the Imperial Hall at Banz Abbey. An anniversary dominated the return of the traditional event after the COVID-19 hiatus: the Franconian-Hanseatic connection that has existed for a quarter of a century. Baur has been a strong part of the Otto Group since 1997.



Aid for earthquake victims in Turkey and Syria

The Otto Group makes an immediate donation of EUR 100,000 to Save the Children following the devastating earthquake in Turkey and Syria. In addition, the Otto Group doubles any money that Group employees pay into the solidarity fund set up for victims of the natural disaster. A donation amount of well over EUR 200,000 is soon collected thanks to the emergency aid and the matching scheme. This money is distributed directly to the people on the ground and to the employees in the facilities in the affected regions of Turkey who work for the Otto Group.