CECONOMY

Q1 2022/23
QUARTERLY STATEMENT

14 February 2023

SELECTED KEY FIGURES

Q1 2022/23

+4.9%

Sales[1] increased above pre-COVID-19 levels

€224 m

Adjusted EBIT[2] in line with expectations impacted by higher personnel, energy and location costs

+€700 m

Strong free cash flow improvement mainly due to optimized net working capital

53

Improvement of the Net Promoter Scores (NPS) to an all-time high

[1] Sales adjusted for currency effects and portfolio changes, pre IAS 29
[2] Adjusted EBIT before non-recurring effects, associates, IAS 29 and portfolio changes

THE FIRST QUARTER IN REVIEW

Dr Karsten Wildberger,
Chief Executive Officer

»
We have made a good start into the new financial year. Our good preparation for Christmas business paid off and generated a lot of customer demand.
We grew more strongly than the market. At the same time, we made further progress in terms of operations and in the implementation of our strategy.
Our measures to dampen inflationary pressure are taking effect. We are therefore heading into the coming months with confidence and a great sense of determination.
«

Dr Kai-Ulrich Deissner,
Chief Financial Officer

»
Costs, profitability and liquidity remain at the very top of our agenda.
We have set the right course – and still have lots of potential. We will set all efforts in action to further improve in these areas. Consistent cost management is the key requirement.
«

Contents

This document is a quarterly statement according to Section 53 Frankfurt Stock Exchange Regulations.

CECONOMY is generally steered on the basis of performance indicators derived from IFRS (International Financial Reporting Standards). In addition, the following key performance indicators apply: total sales growth adjusted for currency effects and portfolio changes and EBIT adjusted for portfolio changes and earnings effects from companies accounted for using the equity method. For the forecast key figures, the previous year's figures are adjusted accordingly.

In addition, an adjusted EBIT applies in fiscal year 2022/23; the adjustment relates to non-recurring earnings effects from efficiency increases in connection with (1) the simplification and digitalization of central structures and processes, (2) the streamlining of the product assortment, (3) the strengthening of retail brands in Germany, and (4) accounting effects of the application of IAS 29 in the hyperinflationary country of Turkey.

In the previous fiscal year 2021/22, an adjusted EBIT also applied; the adjustment related to non-recurring effects in connection with (1) COVID-19-related store closures, (2) the introduction of a harmonized group-wide organizational structure ("Operating Model"), (3) the transaction announced on 14 December 2020 regarding the acquisition of the minority shareholding in MediaMarktSaturn as well as reorganization and simplification of the corporate structure and (4) other effects.

For more details on the management-relevant key performance indicators, please refer to pages 30 to 33 of CECONOMY's Annual Report 2021/22. The outlook for the fiscal year 2022/23 on page 63, which is also included, contains further information on the adjustment of EBIT for non-recurring effects in the current financial year.

Recognized tax expenses were calculated in accordance with the regulations governing interim financial reporting using the so-called integral approach. Commercial rounding is used for the figures shown in this quarterly statement. This may result in some individual figures not adding up to the totals shown.

FINANCIAL FIGURES AT A GLANCE

Sales and earnings

€ million	Q1 2021/22	Q1 2022/23	Change
Sales	6,854	7,066	3.1%
thereof indexing effect IAS 29 (hyperinflation in Turkey)	–	−15	–
Sales development adjusted for currency effects and portfolio changes	−7.3%	4.9%	–
Like-for-like sales development	−6.8%	4.5%	–
Online sales	1,887	1,799	−4.7%
Services & Solutions sales	344	394	14.5%
Gross margin	17.3%	16.9%	−0.3%p.
EBIT	276	221	−19.8%
Adjusted EBIT	274	224	−18.3%
Adjusted EBIT margin	4.0%	3.2%	−0.8%p.
Net financial result	−10	−25	<−100%
Tax rate	39.8%	34.8%	−5.0%p.
Profit or loss for the period attributable to non-controlling interests	38	1	−97.1%
Net result	122	127	3.7%
Undiluted earnings per share (€)[1]	0.34	0.26	−0.08

Cash flow

€ million	Q1 2021/22	Q1 2022/23	Change
Cash flow from operating activities	1,300	2,026	725
Cash flow from investing activities	−409	−64	344
Cash flow from financing activities	−154	−87	66
Change in net working capital[2]	1,115	1,572	457
Free cash flow	1,253	1,953	700

Statement of financial position

€ million	31/12/2021	31/12/2022	Change
Net working capital	−1,926	−1,990	−64
Net liquidity (+)/Net debt (−)	−7	−133	−126

Other operating key figures (as of 31/12)

	31/12/2021	31/12/2022	Change
Number of stores	1,019	1,027	8
Total selling space (thousand m²)	2,580	2,586[3]	6
Workforce by full-time equivalents	45,507	44,490	−1,016

[1] 485,221,084 ordinary shares outstanding since 3 June 2022
[2] Change in net working capital shown from related balance sheet items, mainly adjusted for currency effects and for effects from the application of IAS 29
[3] Changed definition from fiscal year 2022/23, according to which the entrance and checkout areas are also included as sales areas

OUTLOOK

CECONOMY is actively preparing for a phase of high macroeconomic and geopolitical uncertainty, which also affects the outlook. We therefore consider it prudent and appropriate to present the key performance indicators in two different future scenarios with their respective assumptions.

Both scenarios for sales and earnings respectively could materialize. From today's perspective, CECONOMY considers the first mentioned scenario below to be more likely to occur. For some time, the Group has been operating in a very challenging environment characterized by high volatility. CECONOMY will continue to manage this uncertainty. The measures the Group has taken in order to prevail under these challenging conditions are developing an expanding positive impact. CECONOMY has successfully advanced its strategic transformation and has become more resilient as an organization.

SCENARIO 1

In the first scenario, it is assumed that the current macroeconomic conditions (inflation, customer demand, availability of goods, no overall restrictions in the retail sector) will not deteriorate and that the consumer electronics market relevant to CECONOMY's country portfolio will shrink moderately at the most.

SALES

CECONOMY expects a slight increase in total sales adjusted for exchange rate effects for financial year 2022/23 (total sales in financial year 2021/22: €21,768 million), driven in particular by the DACH and Eastern Europe segments.

EARNINGS

For financial year 2022/23, CECONOMY expects a clear increase in adjusted EBIT compared with the previous year (adjusted EBIT in financial year 2021/22: €197 million). The DACH segment is expected to contribute to the significant increase in adjusted EBIT.

SCENARIO 2

However, if the overall economic environment develops less favourably than is currently foreseen and demand in the consumer electronics market relevant for CECONOMY's country portfolio therefore declines more severely, this would also affect CECONOMY's business performance. From today's point of view, CECONOMY considers this scenario to be less likely.

SALES

CECONOMY expects a clear year-on-year decrease in total sales adjusted for exchange rate effects for financial year 2022/23 (total sales in financial year 2021/22: €21,768 million).

EARNINGS

For financial year 2022/23, CECONOMY expects a clear decrease in adjusted EBIT compared with the previous year (adjusted EBIT in financial year 2021/22: €197 million). The DACH segment is expected to contribute a clear increase in adjusted EBIT compared to the previous year.

The outlook was adjusted for portfolio changes and did 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 streamlining of the product assortment and the strengthening of the retail brands in Germany. Accounting effects of the application of IAS 29 in Turkey as a hyperinflationary country are likewise unaccounted for.

EVENTS IN THE FIRST QUARTER

On 22 September 2022, CECONOMY AG announced that Florian Wieser, member of the Management Board and Chief Financial Officer (CFO) of CECONOMY AG and CFO of Media-Saturn-Holding GmbH, had decided to leave the Group to pursue new professional challenges. The Supervisory Board had approved the termination by mutual consent of Florian Wieser's contract as of 31 December 2022, and at the same time had already arranged his successor: Dr Kai-Ulrich Deissner was appointed as the new CFO of CECONOMY AG with effect from 1 February 2023. At the same time, he assumes the function of the CFO at Media-Saturn-Holding GmbH.

The Articles of Association of CECONOMY AG and the German Stock Corporation Act (AktG) require the Management Board of CECONOMY AG to consist of at least two persons. In order to meet these requirements in the transitional period between the departure of Florian Wieser on 31 December 2022, and the assumption of office by Dr Kai-Ulrich Deissner on 1 February 2023, the Supervisory Board appointed Supervisory Board member Sabine Eckhardt on 13 December 2022, for the period from 1 January 2023 to 31 January 2023. Sabine Eckhardt has been a member of the Supervisory Board of CECONOMY AG since October 2020 and has extensive experience in management positions in listed companies. Her mandate as a member of the Supervisory Board was suspended for the period of her appointment to the Management Board of CECONOMY AG.

Against the backdrop of a challenging macroeconomic environment, CECONOMY AG's rating was downgraded by Moody's Investors Service from Ba2 to Ba3 on 22 November 2022 (outlook "Rating Under Review"). In addition, the international rating agency Fitch Ratings published an assessment of CECONOMY AG's creditworthiness for the first time on 13 December 2022. In this context, Fitch assigned a rating of "BB" (outlook "Stable"). The bond was also given a BB rating. The creditworthiness of CECONOMY AG is therefore regularly analyzed and evaluated by the three rating agencies Fitch Ratings, Moody's Investors Service and Scope Ratings.

EVENTS AFTER THE REPORTING DATE

In the period from 1 January 2023 to 31 January 2023, the Management Board of CECONOMY AG consisted of Dr Karsten Wildberger and Sabine Eckhardt. The Supervisory Board had appointed Sabine Eckhardt, a member of the Supervisory Board of CECONOMY AG since October 2020, to the Management Board on 13 December 2022, as a deputy and interim member for the aforementioned period. With the appointment of Sabine Eckhardt, the Supervisory Board fulfilled the requirements of the Articles of Association of CECONOMY AG as well as the German Stock Corporation Act with regard to the necessary composition of the Management Board of CECONOMY AG of at least two persons. The background to the necessary appointment was the departure of Florian Wieser as of 31 December 2022, who had been in office as CFO of CECONOMY AG and Media-Saturn-Holding GmbH until then and had left the Group by mutual agreement, and the assumption of the mandate by Dr Kai-Ulrich Deissner only one month later on 1 February 2023.

Since 1 February 2023, the Management Board of CECONOMY AG and the management of Media-Saturn-Holding GmbH have consisted of Dr Karsten Wildberger and Dr Kai-Ulrich Deissner. CECONOMY AG had already announced the Supervisory Board's resolution to appoint Dr Kai-Ulrich Deissner as the new CFO of CECONOMY AG on 22 September 2022.

CECONOMY and Nordic electronics retailer, Power International AS (“Power”), concluded talks on a strategic transaction to combine the Swedish business in future. Power Retail Sweden AB, a 100 percent subsidiary of Power, envisages to acquire 100 percent of MediaMarkt Sweden. In return, CECONOMY receives a 20 percent minority stake in Power Retail Sweden AB. Upon closing, the transaction probably leads to a cash outflow in a mid double-digit million euro amount in CECONOMY’s consolidated financial statements in fiscal year 2022/23. Overall, this is a portfolio change, which is not relevant to the outlook. The transaction is subject to approval by the competent antitrust authorities.

RESULTS IN DETAIL

Earnings position

	Sales (€ million)		Change	Curreny effects	Sales adjusted for currency effects and portfolio changes	Like-for-like sales (local currency)
	Q1 2021/22	Q1 2022/23	Q1 2022/23	Q1 2022/23	Q1 2022/23	Q1 2022/23
Total	**6,854**	**7,066**	**3.1%**	**−1.5%**	**4.9%**	**4.5%**
DACH	3,919	3,939	0.5%	−0.1%	0.6%	0.7%
Western/Southern Europe	2,216	2,235	0.9%	0.0%	0.9%	0.2%
Eastern Europe	552	742	34.3%	−25.2%	62.1%	59.7%
Others	166	150	−9.9%	−7.3%	−2.6%	−4.5%

CURRENCY AND PORTFOLIO ADJUSTED CONSOLIDATED SALES IMPROVED COMPARED WITH PREVIOUS YEAR

In the **first quarter of 2022/23**, CECONOMY generated consolidated sales of €7.1 billion, an increase of 3.1 percent compared to the same period of the previous year. Adjusted for currency effects and portfolio changes, sales increased by 4.9 percent compared to the previous year. On a like-for-like basis, Group sales recorded an increase of 4.5 percent.

All segments except Others contributed to the positive currency- and portfolio-adjusted sales performance. This development was supported, despite the high intensity of competition, in particular by the marketing campaigns surrounding "Black Friday" and the pre-Christmas period. Following on from the recovery in the stationary business and the significant growth in Services & Solutions in the past fiscal year 2021/22, CECONOMY continued its momentum. Overall, the stationary retail business benefited from increased customer demand in the run-up to Christmas, although the previous year had been impacted by temporary sales restrictions and store closures at that time, as well as restrictions resulting from the cyber attack. The online share remains at a persistently high level, but was around 2 percentage points lower than in the prior-year quarter.

EXPLANATION OF SALES IN THE DACH SEGMENT

The DACH segment recorded sales of €3.9 billion in the **first quarter of 2022/23**, an increase of 0.5 percent. Adjusted for currency effects and portfolio changes, sales were up by 0.6 percent above the comparable figure for the previous year.

Austria achieved significant sales growth partly due to pandemic-related restrictions in the prior-year quarter, while Germany matched the previous year's level despite a decline in the overall consumer electronics market. Hungary recorded double-digit sales growth, continuing the momentum of previous quarters. Switzerland recorded a decline in sales due to lower customer footfall.

EXPLANATION OF SALES IN THE WESTERN/SOUTHERN EUROPE SEGMENT

The Western/Southern Europe segment reported sales of €2.2 billion in the **first quarter of 2022/23**, an increase of 0.9 percent. There were no currency or portfolio change effects.

The Netherlands and Spain showed significant sales growth. In both countries, sales benefited from successful "Black Friday" campaigns and good demand in the run-up to Christmas. In the Netherlands, the weak prior-year basis due to the lockdown also had a supporting effect. In Italy, the downward trend in the overall market as a result of the gloomy consumer climate for consumer electronics led to a decline in sales.

EXPLANATION OF SALES IN THE EASTERN EUROPE SEGMENT

In the **first quarter of 2022/23**, sales in the Eastern Europe segment increased by 34.3 percent to €0.7 billion. The strong depreciation of the Turkish lira continued to negatively impact quarterly sales. Adjusted for currency and portfolio change effects, sales at 62.1 percent were up significantly compared to the figure for the previous year.

This includes effects from the application of IAS 29 (hyperinflation in Turkey) of €−15 million. In local currency, the business in Turkey recorded a sustained dynamic sales performance and achieved a triple-digit growth rate.

In addition to continued intense competition in Poland, the decline in the overall market for consumer electronics in particular led to a slight drop in sales.

EXPLANATION OF SALES IN THE OTHERS SEGMENT

In the **first quarter of 2022/23**, sales in the Others segment decreased by 9.9 percent to €0.1 billion compared with the same period the previous year. Adjusted for currency effects and portfolio changes, sales decreased by 2.6 percent compared to the previous year.

The sales development was burdened by a regressive overall market for consumer electronics and the restrained consumer sentiment as a result of the rising cost of living in Sweden.

Online and Services & Solutions sales in the Group

	Sales (€ million)		Change (%)	In % of total sales
	Q1 2021/22	Q1 2022/23		
Online	1,887	1,799	−4.7	25.5
Services & Solutions	344	394	14.5	5.6

ONLINE SHARE OF TOTAL SALES REMAINS HIGH

Online sales decreased in the **first quarter of 2022/23** by 4.7 percent to €1.8 billion. Overall, the online share of total sales was 25.5 percent (Q1 2021/22: 27.5 percent). In the reporting period, the pick-up rate was 36.7 percent and thus at the previous year's level (Q1 2021/22: 36.0 percent).

Online sales therefore remained much higher than before the COVID-19 pandemic, supported by a high average sales receipt. As expected, the recovery of the brick-and-mortar business had a negative effect on the development of online sales in the first quarter compared with the prior-year quarter, in which the brick-and-mortar business was still partially constrained by COVID-19 restrictions.

DOUBLE-DIGIT GROWTH IN SERVICES & SOLUTIONS BUSINESS

In the **first quarter of 2022/23,** sales in the Services & Solutions segment increased by 14.5 percent to €394 million. This equates to a Services & Solutions share of total sales of 5.6 percent (Q1 2021/22: 5.0 percent).

The increase in sales in the Services & Solutions unit was largely supported by higher sales in stationary business. Mobile phone contracts and warranty extensions in particular contributed to sales growth in many countries.

Earnings development in the Group

	Reported EBIT	Reported EBIT	Change compared to prior year	Adjusted EBIT	Adjusted EBIT	Change compared to prior year
€ million	Q1 2021/22	Q1 2022/23	Q1 2022/23	Q1 2021/22	Q1 2022/23	Q1 2022/23
Total[1]	**276**	**221**	**−55**	**274**	**224**	**−50**
DACH	180	166	−14	180	164	−15
Western/Southern Europe	76	33	−43	73	33	−40
Eastern Europe	23	33	10	23	37	14
Others	−4	−11	−8	−2	−11	−9

[1] Including consolidation

ADJUSTED GROUP EBIT IN THE FIRST QUARTER BELOW PREVIOUS YEAR DUE TO MARGINS AND INFLATION

In the **first quarter of 2022/23**, reported Group EBIT fell by €55 million to €221 million (Q1 2021/22: €276 million). This includes non-recurring effects amounting to €−2 million mainly in connection with accounting effects from the application of IAS 29 for the hyperinflationary country Turkey as well as portfolio changes. In the previous year, reported Group EBIT included non-recurring effects amounting to €3 million. Effects on earnings from companies accounted for using the equity method for the investment in Fnac Darty S.A. amounted to €−1 million (Q1 2021/22: €−1 million) in the reporting period. Adjusted for non-recurring effects, earnings effects from companies accounted for using the equity method, and portfolio changes, Group EBIT declined by €50 million to €224 million (Q1 2021/22: €274 million).

The macroeconomic environment remained challenging in the first quarter of 2022/23. In particular, the expected inflationary increase in the cost of goods sold and the rise in energy and personnel costs weighed on earnings in the first quarter of 2022/23. CECONOMY has introduced a strict cost management. In addition, the significant decline in adjusted EBIT was due to a lower gross margin as a result of the decline in goods margin. The high intensity of competition and a higher proportion of lower-margin products led to a reduction in gross margin compared with the prior-year quarter.

EXPLANATION OF THE RESULT IN THE DACH SEGMENT

In the **first quarter of 2022/23**, EBIT in the DACH segment was €166 million, down €14 million on the previous year (Q1 2021/22: €180 million). This includes non-recurring effects amounting to €2 million (Q1 2021/22: €1 million). Adjusted for these effects, EBIT in the DACH segment decreased by €15 million to €164 million (Q1 2021/22: €180 million).

The deterioration in adjusted EBIT in the DACH segment is mainly attributable to Switzerland and Germany. In Switzerland, the aggressively priced competitive environment led to a significant decline in earnings due to lower margins. In Germany, the decline in earnings resulted in particular from holding companies, which in the previous year had generated higher income to be allocated to other segments. By contrast, the German operating company improved compared with the prior-year quarter. Austria and Hungary almost matched the previous year's level.

EXPLANATION OF THE RESULT IN THE WESTERN/SOUTHERN EUROPE SEGMENT

In the **first quarter of 2022/23**, the Western/Southern Europe segment generated EBIT of €33 million, €43 million below the previous year's level (Q1 2021/22: €76 million). This includes non-recurring effects amounting to €0 million (Q1 2021/22: €3 million). Adjusted for these earnings effects, EBIT declined by €40 million to €33 million (Q1 2021/22: €73 million).

Adjusted EBIT in the Netherlands was above the prior-year level, also due to a weaker prior-year base impacted by the lockdown. By contrast, Italy is mainly responsible for the decline in adjusted earnings. The main factors here were lower sales as a result of a decline in the overall consumer electronics market and a lower gross margin due to an unfavourable product mix.

EXPLANATION OF THE RESULT IN THE EASTERN EUROPE SEGMENT

In the **first quarter of 2022/23**, EBIT in the Eastern Europe segment was €33 million, €10 million above the previous year's level (Q1 2021/22: €23 million). Non-recurring effects from the application of IAS 29 (hyperinflation in Turkey) amounting to €−3 million are included (Q1 2021/22: €0 million). Accordingly, adjusted EBIT in the Eastern Europe segment increased by €14 million to €37 million (Q1 2021/22: €23 million). The increase in adjusted EBIT was due to the good sales and margin performance in Turkey. Poland recorded a sales-related decline in earnings.

EXPLANATION OF THE RESULT IN THE OTHERS SEGMENT

The Others segment covers, in particular, the activities of CECONOMY AG, the earnings effects from companies accounted for using the equity method, the operating business in Sweden and the activities of smaller companies. In the **first quarter of 2022/23,** EBIT declined by €8 million to €−11 million compared to the previous year's period (Q1 2021/22: €−4 million). This includes earnings effects from companies accounted for using the equity method of €−1 million (Q1 2021/22: €−1 million). Adjusted for non-recurring effects and earnings effects from companies accounted for using the equity method, EBIT fell by €9 million to €−11 million (Q1 2021/22: €−2 million), largely due to a weak margin development in Sweden.

Financial and asset position

CASH FLOW

€ million	Q1 2021/22	Q1 2022/23	Change
Cash flow from operating activities	1,300	2,026	725
Cash flow from investing activities	−409	−64	344
Cash flow from financing activities	−154	−87	66
Change in net working capital[1]	1,115	1,572	457
Free cash flow	1,253	1,953	700

[1] Change in net working capital shown from related balance sheet items, mainly adjusted for currency effects and for effects from the application of IAS 29

In the first quarter of the financial year 2022/23, **cash flow from operating activities** resulted in a cash inflow of €2,026 million compared with €1,300 million in the previous year. At €386 million, EBITDA was below the previous year's figure (Q1 2021/22: €445 million). The main driver of the cash inflow is the change in net working capital. This was due to the seasonally typical significant increase in trade payables and similar liabilities. A slight offsetting effect resulted from an increase in inventories and receivables items compared with 30 September 2022. Compared with the previous year, however, the lower build-up of inventories and receivables accounts for the significant increase in the cash inflow from the change in net working capital. Furthermore, cash inflow from other operating cash flows of €109 million was recorded in the first quarter (Q1 2021/22: cash outflow of €175 million). The main impact here was from other tax payments, mainly due to lower purchasing volume in Germany in the first quarter and the associated higher surplus of VAT liabilities over offsettable pre-tax receivables. By contrast, the change in pension and similar obligations and the payments of income taxes resulted in cash outflows, although these were lower than in the previous year.

Cash flow from investing activities in the first quarter of the financial year 2022/23 resulted in a cash outflow of €64 million. This compares with a cash outflow of €409 million in the prior-year period. The lower cash outflow from investing activities was due in particular to reduced net investments in financial investments and securities. Net investments in financial investments and securities amounted to €365 million in the first quarter of the previous year. No net investments in financial investments and securities were made in the first quarter of fiscal year 2022/23. This was slightly offset in the current year by comparatively higher cash-effective investments in property, plant and equipment for store modernization and modularization, and other investments.

In the first quarter of financial year 2022/23, **cash flow from financing activities** resulted in a cash outflow of €87 million, after €154 million in the same period of the previous year. The cash outflow from financing activities in both the current year and the previous year is mainly attributable to the repayment of lease liabilities. In the first quarter of 2022/23, borrowings had a slightly offsetting effect, while in the prior-year quarter a profit distribution to minority shareholders increased the cash outflow.

Free cash flow in the first quarter of the financial year 2022/23 was €1,953 million, an increase of €700 million above the previous year's figure of €1,253 million.

NET WORKING CAPITAL ON 31 DECEMBER 2022 BELOW PREVIOUS YEAR LEVEL

As of 31 December 2022, **net working capital** amounted to €−1,990 million, and was therefore €64 million below the previous year's figure (31/12/2021: €-1,926 million). The reduction in inventories and receivables due from suppliers more than offset the increase in trade receivables and a reduction in trade payables. The planned reduction in inventories was supported by successful marketing activities and higher customer demand during the Christmas season. Trade receivables and similar claims increased due to the stronger commission business. The decrease in trade payables and similar liabilities is due to shorter payment terms, partly as a result of direct purchasing from selected manufacturers and a change in legislation in Belgium, and a lower order volume.

NET DEBT AS AT 31 DECEMBER 2022 SLIGHTLY WORSE THAN IN PREVIOUS YEAR

As of 31 December 2022, **net debt on the balance sheet** amounted to €133 million, compared with €7 million in the previous year. The €126 million increase in net debt is attributable to lower short-term investments, while financial debt decreased slightly. Adjusted for lease liabilities, net liquidity as of 31 December 2022 amounted to €1,768 million (31/12/2021: €2,026.0 million).

INVESTMENTS SLIGHTLY BELOW PRIOR-YEAR LEVEL

Investments totalled €133 million in the first quarter 2022/23, €11 million below the previous year's level (Q1 2021/22: €145 million). The decrease is mainly attributable to the slightly reduced addition of rental right-of-use assets of €85 million, which was €28 million lower than in the prior-year period (Q1 2021/22: €113 million). The lower addition of rental right-of-use assets was observed in almost all countries - especially in Italy. By contrast, the first quarter of 2022/23 saw an increase in investment in modernization activities as store modernization and modularization were driven forward, mainly in Germany. In addition, a higher number of new store openings led to a slight increase in capital expenditure on expansion.

The network of stores was expanded in the first three months 2022/23 by two stores each in Italy and Spain, and one store each in Germany and Turkey. By contrast, one store each was closed in Belgium, Italy and the Netherlands during the reporting period. At the end of the first quarter of 2022/23, the total number of stores was therefore 1,027 (31/12/2021: 1,019 stores). The average selling space per store grew by 2.6 percent from 2,454 square meters as of 30 September 2022 to 2,518 square meters as of 31 December 2022. The increase in average selling space per store is solely due to a change in definition. Beginning in fiscal year 2022/23, the entrance area and checkout area will also be included in the definition of selling space due to increased use for the sale of accessories and small parts. The comparable average selling space per store on 30 September 2022 is 2,533 square metres.

FINANCING

CECONOMY issues financial instruments on the capital market for medium-and long-term financing. As of 31 December 2022, five promissory notes totalling €121 million with a remaining term of up to five years were outstanding. A senior unsecured bond of €500 million with a term until 24 June 2026 was also outstanding at the end of the quarter. In addition, CECONOMY AG issued a convertible bond with a term of five years and a nominal volume of €151 million on 9 June 2022 as part of the complete takeover of the shares in Media-Saturn-Holding GmbH.

For obtaining short-term financial funding, CECONOMY has a euro-denominated commercial paper programme with a maximum volume of €500 million in place. As of 31 December 2022, €83 million were outstanding under the commercial paper programme (31/12/2021: €0 million).

In addition, two syndicated credit facilities linked to sustainability targets are available to CECONOMY AG in an amount of €1,060 million with initial terms until May 2024 (€353 million) and May 2026 (€707 million). Both tranches provide for two options to extend the term by a further year in each case, with the first one-year extension option to May 2025 having been taken up for the €353 million tranche in spring last year. As in the previous year, the syndicated credit facilities had not been utilized as of 31 December 2022.

CECONOMY is evaluated by the international rating agencies Fitch, Moody's and Scope. As of 31 December 2022, CECONOMY was rated by Fitch (BB, outlook "Stable"), Moody's (Ba3, outlook "Rating Under Review") and Scope (BBB-, outlook "Stable").

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Income statement

€ million	Q1 2021/22	Q1 2022/23
Sales	**6,854**	**7,066**
Cost of sales	−5,671	−5,870
Gross profit on sales	**1,183**	**1,196**
Other operating income	71	46
Selling expenses	−848	−876
General administrative expenses	−127	−142
Other operating expenses	−1	0
Earnings share of operating companies recognized at equity	−1	−1
Net impairments on operating financial assets and contract assets	−2	−2
Earnings before interest and taxes (EBIT)	**276**	**221**
Other investment result	12	0
Interest income	2	9
Interest expenses	−18	−32
Other financial result	−6	−2
Net financial result	**−10**	**−25**
Earnings before taxes (EBT)	**266**	**196**
Income taxes	−106	−68
Profit or loss for the period	**160**	**128**
Profit or loss for the period attributable to non-controlling interests	38	1
Profit or loss for the period attributable to shareholders of CECONOMY AG	122	127
Undiluted earnings per share €[1]	**0.34**	**0.26**
Diluted earnings per share in €[1]	**0.34**	**0.25**

[1] 485,221,084 ordinary shares outstanding since 3 June 2022

Statement of financial position

Assets

€ million	30/09/2022	31/12/2021	31/12/2022
Non-current assets	**3,865**	**3,788**	**3,807**
Goodwill	524	524	524
Other intangible assets	152	127	156
Property, plant and equipment	541	483	536
Right-of-use assets	1,835	1,904	1,779
Financial assets	115	223	127
Investments accounted for using the equity method	388	424	387
Other financial assets	2	3	2
Other assets	5	8	5
Deferred tax assets	302	92	291
Current assets	**6,134**	**9,047**	**8,462**
Inventories	3,176	3,611	3,354
Trade receivables and similar claims	440	415	475
Receivables due from suppliers	1,296	1,701	1,527
Other financial assets	142	692	121
Other assets	163	239	202
Income tax assets	147	106	151
Cash and cash equivalents	769	2,282	2,634
	9,998	**12,835**	**12,269**

Equity and liabilities

€ million	30/09/2022	31/12/2021	31/12/2022
Equity	**592**	**859**	**733**
Share capital	1,240	919	1,240
Capital reserve	389	321	389
Reserves retained from earnings	−1,039	−451	−898
Non-controlling interests	2	70	2
Non-current liabilities	**2,642**	**2,628**	**2,661**
Provisions for pensions and similar obligations	332	435	327
Other provisions	43	36	42
Borrowings	2,184	2,080	2,211
Other financial liabilities	14	43	14
Other liabilities	3	4	3
Deferred tax liabilities	65	30	63
Current liabilities	**6,765**	**9,348**	**8,875**
Trade liabilities and similar liabilities	5,340	7,653	7,345
Provisions	95	92	86
Borrowings	589	749	555
Other financial liabilities	360	362	342
Other liabilities	309	325	442
Income tax liabilities	72	168	106
	9,998	**12,835**	**12,269**

Cash flow statement

€ million	Q1 2021/22	Q1 2022/23
EBIT	276	221
Scheduled depreciation/amortization, reversals of impairment losses and impairment on intangible assets, property, plant and equipment, right-of-use assets and impairment losses and reversals of impairment losses on investments accounted for using the equity method	169	165
Change in provisions for pensions and similar obligations	−44	−11
Change in net working capital[1]	1,115	1,572
Income taxes paid	−42	−30
Reclassification of gains (−)/losses (+) from the disposal of fixed assets	0	−1
Other	−175	109
Cash flow from operating activities of continuing operations	**1,300**	**2,026**
Cash flow from operating activities of discontinued operations	0	0
Cash flow from operating activities	**1,300**	**2,026**
Acquisition of subsidiaries	0	0
Investments in property, plant and equipment	−40	−59
Other investments	−8	−14
Financial investments and securities	−365	0
Disposals of financial investments and securities	0	0
Disposals of companies	0	0
Disposal of long-term assets and other disposals	3	8
Cash flow from investing activities of continuing operations	**−409**	**−64**
Cash flow from investing activities of discontinued operations	0	0
Cash flow from investing activities	**−409**	**−64**
Dividends paid	−26	0
thereof dividends paid to the shareholders of CECONOMY AG	0	0
Payment received from capital increase	0	0
Equity transactions with change in equity interest without obtaining/relinquishing control	0	0
Redemption of liabilities from put options of non-controlling interests	0	0
Proceeds from long-term borrowings	2	56
Redemption of lease liabilities	−127	−122
Redemption of other borrowings	−6	−3
Interest paid	−16	−24
Interest received	2	7
Profit and loss transfers and other financing activities	18	−2
Cash flow from financing activities of continuing operations	**−154**	**−87**
Cash flow from financing activities of discontinued operations	0	0
Cash flow from financing activities	**−154**	**−87**
Total cash flows	**738**	**1,874**
Currency and inflation effects on cash and cash equivalents	−37	−9
Total change in cash and cash equivalents	**701**	**1,865**
Total cash and cash equivalents as of 1 October	1,582	769
Less cash and cash equivalents recognized in assets in accordance with IFRS 5	0	0
Cash and cash equivalents as of 1 October	**1,582**	**769**
Total cash and cash equivalents as of 31 December	2,282	2,634
Less cash and cash equivalents recognized in assets in accordance with IFRS 5	0	0
Cash and cash equivalents as of 31 December	**2,282**	**2,634**

[1] Change in net working capital shown from related balance sheet items, mainly adjusted for currency effects and for effects from the application of IAS 29

FINANCIAL CALENDAR

Annual General Meeting	Wednesday	22 February 2023	10:00 AM
Half-year financial report Q2/H1 2022/23	Monday	15 May 2023	7:00 AM
Quarterly statement Q3/9M 2022/23	Thursday	10 August 2023	7:00 AM
Annual report Q4/FY 2022/23	Monday	18 December 2023	7:00 AM

All time specifications according to German time

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Published: 14 February 2023

Disclaimer

This quarterly statement contains forward-looking statements that are based on certain assumptions and expectations at the time of its publication. These statements are therefore subject to risks and uncertainties, which means that actual results may differ substantially from the future-oriented statements made here. Many of these risks and uncertainties relate to factors that are beyond CECONOMY AG's ability to control or estimate precisely. This includes future market conditions and economic developments, the behaviour of other market participants, the achievement of expected cost savings and productivity improvements, as well as legal and political decisions. CECONOMY AG does not undertake any obligation to publicly correct or update these forward-looking statements to reflect events or circumstances that have occurred after the publication date of this quarterly statement and associated material.

Please note in case of doubt the German version shall prevail.