Q3/9M 2022/23

QUARTERLY STATEMENT

10 August 2023

SELECTED KEY FIGURES

Q3 2022/23

+7.4%

Sales momentum[1] continued in a challenging macroeconomic environment

€+43 m

Adjusted EBIT[2] €43 million above previous year thanks to stable gross margin and cost efficiency measures

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

SELECTED KEY FIGURES

9M 2022/23

+5.9%

Sales growth[1]
thanks to sustained recovery in brick-and-mortar business

€+35 m

Adjusted EBIT[2]
€35 million above previous year's level in the first nine months

€+990 m

Free cash flow
in the first nine months particularly improved by optimization of net working capital

53

Improvement of the net promoter score (NPS)

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

THE THIRD QUARTER IN REVIEW

»
We have made a successful start to the second half of the financial year, even though the economic environment remains challenging. Our strategy is clear, our implementation plan is solid, and our financial targets are set. We are making vital progress in our strategic core areas and incrementally but continuously moving towards a service-oriented platform centred on the customer.
Therefore, we have adjusted our guidance for the more positive outlook.
«

Dr Karsten Wildberger,
Chief Executive Officer

»
Step by step, we are adapting our business model for significantly higher profitability and cash generation with a persistently sharp focus on cost management.
With a stable gross margin in the third quarter, we substantially increased our operating earnings year-on-year. Despite the challenging circumstances in our industry, in terms of liquidity, free cash flow and inventory management we are in a much better position today than we were a year ago.
«

Dr Kai-Ulrich Deissner,
Chief Financial Officer

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 financial year 2022/23, an adjusted EBIT also applies; 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 strengthening of the retail brands in Germany, (3) legal risks in connection with changes in the legal environment and (4) accounting effects from the application of IAS 29 in Türkiye, which is classified as a hyperinflationary economy.

In the previous financial 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 32 to 35 of CECONOMY's Annual Report 2021/22. The outlook for financial year 2022/23 also included on page 63 contains further information on the adjustment of EBIT for non-recurring effects in the current financial year.

Business figures represent the continuing operations of CECONOMY. With the signing of the agreement for the full sale of the MediaMarkt Sweden business in February 2023 and the MediaMarkt Portugal business in April 2023, Sweden and Portugal no longer count among CECONOMY's continuing operations. The MediaMarkt Sweden and Portugal businesses constitute disposal groups in accordance with IFRS 5 for CECONOMY. The forecast key figures sales growth adjusted for currency effects and portfolio changes and adjusted EBIT were adjusted by not including the corresponding key figures from MediaMarkt Sweden and Portugal in the current year or in the previous year. The statement of financial position for the current period presents the affected assets and liabilities separately as "assets held for sale" or "liabilities related to assets held for sale".

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	Q3 2021/22	Q3 2022/23	Change	9M 2021/22	9M 2022/23	Change
Sales	4,659	4,527	−2.8%	16,531	16,895	2.2%
thereof indexing effect IAS 29 (hyperinflation in Türkiye)	66	−287	–	66	−269	–
Sales development adjusted for currency effects and portfolio changes	6.3%	7.4%	–	3.2%	5.9%	–
Like-for-like sales development	6.7%	6.8%	–	3.4%	5.6%	–
Online sales	1,065	947	−11.1%	4,220	3,884	−7.9%
Services & Solutions sales	299	302	0.9%	950	1,018	7.2%
Gross margin	17.3%	17.7%	0.4%p.	17.2%	17.2%	−0.1%p.
EBIT	−180	−123	31.9%	61	−8	–
Adjusted EBIT	−102	−60	41.6%	114	149	31.1%
Adjusted EBIT margin	−2.2%	−1.2%	1.0%p.	0.7%	0.9%	0.2%p.
Net financial result	−11	−33	<−100%	−28	−73	<−100%
Tax rate	38.7%	−19.0%	−57.7%p.	71.1%	−28.6%	−99.7%p.
Profit or loss for the period attributable to non-controlling interests	−22	0	–	3	1	−57.2%
Net result	−95	−186	−94.3%	6	−105	–
Undiluted earnings per share (€)[1]	−0.24	−0.38	−0.14	0.02	−0.22	−0.23

Cash flow

€ million	9M 2021/22	9M 2022/23	Change
Cash flow from operating activities	−547	451	998
Cash flow from investing activities	26	−147	−173
Cash flow from financing activities	−579[2]	−379	200
Change in net working capital[3]	−765	55	820
Free cash flow	−706	284	990

Statement of financial position

€ million	30/06/2022	30/06/2023	Change
Net working capital	−40	−434	−395
Net liquidity (+)/Net debt (−)	−2,464	−1,968	496

Other operating key figures (as of 30/06)

	30/06/2022	30/06/2023	Change
Number of stores	1,023	1,031	8
Total selling space (thousand m^2)	2,550	2,572[4]	22
Workforce by full-time equivalents	44,280	42,863	−1,417

[1] 485,221,084 ordinary shares outstanding since 3 June 2022
[2] Adjusted for IAS 29 effects on cash flow from operating, investing and financing activities of €11 million. This effect is now shown separately under cash flow from financing activities.
[3] Change in net working capital shown from related items of the statement of financial position, mainly adjusted for currency effects and effects of the application of IAS 29
[4] Changed definition from financial year 2022/23 onward, according to which the entrance and checkout areas are also counted as selling space

OUTLOOK

The outlook issued in December 2022 was adjusted for portfolio changes. With the signing of the agreement to sell the MediaMarkt Sweden business and its subsequent classification as a disposal group in accordance with IFRS 5 in February 2023 and the signing of the agreement to sell the MediaMarkt Portugal business in April 2023, the 2021/22 baseline for CECONOMY AG's outlook for the current financial year 2022/23 has changed. CECONOMY AG's outlook is therefore based on the country portfolio that remains in the Group.

CECONOMY continues to actively prepare for an environment of high macroeconomic and geopolitical uncertainty. CECONOMY had presented the key performance indicators in two different future scenarios with their respective assumptions. In light of the business performance in the first nine months of 2022/23, the Management Board of CECONOMY assumes that scenario 1 will materialize and therefore withdraws scenario 2.

SALES
CECONOMY expects a moderate year-on-year increase in total sales adjusted for exchange rate effects for financial year 2022/23, driven in particular by the Eastern Europe segment. Previously, CECONOMY assumed that a slight increase would be driven in particular by the DACH and Eastern Europe segments.

EARNINGS
For financial year 2022/23, CECONOMY expects a clear improvement in adjusted EBIT compared with the previous year (adjusted EBIT in financial year 2021/22 restated to €208 million). The clear improvement in adjusted EBIT is to be driven by the DACH and Eastern Europe segments. Previously, CECONOMY assumed that this clear improvement would be driven primarily by the DACH segment.

The outlook is adjusted for further portfolio changes and does not take into account the earnings effects from companies accounted for using the equity method. It also does not include non-recurring effects from efficiency increases in connection with the simplification and digitalization of central structures and processes, the strengthening of the retail brands in Germany and legal risks in connection with changes in the legal environment. Accounting effects of the application of IAS 29 in Türkiye as a hyperinflationary economy are likewise unaccounted for.

EVENTS IN THE THIRD QUARTER

On 13 April 2023, the international rating agency S&P Global Ratings ("S&P") published its first assessment of CECONOMY AG's creditworthiness. S&P issued a rating of "BB-" with a stable outlook.

The bond was likewise rated "BB-". With the additional rating from S&P, CECONOMY AG ensures a comprehensive and balanced range of assessments of the company's creditworthiness.

On 19 April 2023, the rating agency Scope Ratings ("Scope") confirmed CECONOMY AG's "BBB-" rating and changed the outlook from stable to negative.

CECONOMY AG terminated its cooperation with the international rating agency Moody's Investors Service in April 2023. The ratings were withdrawn on 5 May 2023. From now on, CECONOMY will be rated by the rating agencies Fitch Ratings, S&P and Scope.

On 20 April 2023, CECONOMY AG announced the conclusion of an agreement concerning the sale of MediaMarktSaturn's Portugal business with the French electronics retailer Fnac Darty S.A. ("Fnac Darty"). Fnac Darty Portugal, a wholly owned subsidiary of Fnac Darty, will acquire 100 per cent of MediaMarkt Portugal including the ten store locations, the online business and the roughly 450 employees. The two parties have agreed not to disclose the financial details of the transaction. The closing of the deal is subject to merger control clearance and will most likely occur before the end of financial year 2022/23. Once completed, the transaction is expected to result in cash inflow and an EBIT contribution in the low to double-digit millions in CECONOMY's consolidated financial statements for financial year 2022/23. Like the Sweden transaction, the transaction is a portfolio measure, which therefore has no effect on the outlook.

In December 2022, CECONOMY had communicated its intention to launch an efficiency programme as part of its transformation in order to sustainably improve its competitiveness and adapt cost structures to the altered environment. This programme also entails the reduction of jobs in administrative functions. The expenses for the efficiency programme are expected to run into the mid-double-digit millions in financial year 2022/23. In April 2023, Group management and the employee representatives of the affected companies in Germany agreed a framework reconciliation of interests and a social compensation plan to make the necessary job cuts fair and socially responsible.

During Capital Market Day on 2 June 2023, CECONOMY AG presented the path for growth into a customer-centric service platform and announced the outlook for the medium-term financial targets for financial year 2025/26. According to this, the Group's total sales are expected to slightly exceed market growth and adjusted EBIT to increase to more than €500 million in the medium term. At the same time, the company expects an improvement in the gross margin to around 20 per cent and a stable adjusted operating cost ratio of around 18 per cent. Annual cash investments will reach around €300 million. For free cash flow before lease payments, the Group is aiming for a continuous increase to around €200 million in financial year 2025/26.

EVENTS AFTER THE REPORTING DATE

On 14 July 2023, CECONOMY AG announced that the Supervisory Board had extended the Executive Board contract of Dr Karsten Wildberger ahead of schedule and appointed him as Chief Executive Officer for a further five years one year before the end of his current term of office. The ordinary reappointment is effective from 1 August 2023 and runs until 31 July 2028.

The transaction for the MediaMarkt Sweden business was completed on schedule as of 1 August 2023.

RESULTS IN DETAIL

Earnings position

Quarter	Sales (€ million)		Change	Currency effects	Sales adjusted for currency effects and portfolio changes	Like-for-like sales (local currency)
	Q3 2021/22	Q3 2022/23	Q3 2022/23	Q3 2022/23	Q3 2022/23	Q3 2022/23
Total	**4,659**	**4,527**	**−2.8%**	**−2.0%**	**7.4%**	**6.8%**
DACH	2,492	2,542	2.0%	0.4%	1.6%	1.1%
Western/Southern Europe	1,522	1,497	−1.6%	0.0%	−1.4%	−1.0%
Eastern Europe	529	395	−25.5%	−26.7%	73.9%	69.6%
Others	116	93	−20.1%	−8.1%	18.8%	–

9M	Sales (€ million)		Change	Currency effects	Sales adjusted for currency effects and portfolio changes	Like-for-like sales (local currency)
	9M 2021/22	9M 2022/23	9M 2022/23	9M 2022/23	9M 2022/23	9M 2022/23
Total	**16,531**	**16,895**	**2.2%**	**−1.4%**	**5.9%**	**5.6%**
DACH	9,225	9,369	1.6%	0.1%	1.5%	1.4%
Western/Southern Europe	5,418	5,362	−1.0%	0.0%	−0.8%	−1.1%
Eastern Europe	1,498	1,814	21.1%	−22.9%	68.4%	65.1%
Others	391	349	−10.6%	−7.3%	−21.9%	–

Due to the agreements for the full sale of the MediaMarkt Sweden business and the MediaMarkt Portugal business announced on 14 February 2023 and on 20 April 2023, respectively, and the classification of said country organizations as a disposal group in accordance with IFRS 5, MediaMarkt Sweden and MediaMarkt Portugal constitute a portfolio change. The forecast key figures sales growth adjusted for currency effects and portfolio changes and adjusted EBIT were adjusted by not including the corresponding key figures from MediaMarkt Sweden and MediaMarkt Portugal in the current financial year or in the previous year.

GROUP SALES ADJUSTED FOR CURRENCY EFFECTS AND PORTFOLIO CHANGES ABOVE PREVIOUS YEAR

In the **first nine months of 2022/23**, CECONOMY generated Group sales of €16.9 billion, an increase of 2.2 per cent compared with the prior-year period. This includes effects from the application of IAS 29 (hyperinflation in Türkiye) of €−269 million (9M 2021/22: €66 million). Adjusted for this effect and for currency effects and portfolio changes, sales were 5.9 per cent higher than the previous year’s level. On a like-for-like basis, Group sales recorded an increase of 5.6 per cent.

In the **third quarter of 2022/23**, Group sales decreased by 2.8 per cent, totalling €4.5 billion. This includes effects from the application of IAS 29 (hyperinflation in Türkiye) of €−287 million (Q3 2021/22: €66 million). Adjusted for this effect and for currency effects and portfolio changes, sales grew by 7.4 per cent. On a like-for-like basis, Group sales recorded an increase of 6.8 per cent compared to the prior-year period. The previous quarter’s sales momentum in the DACH and Eastern Europe segments continued in the third quarter. This sales growth was driven by continually robust customer demand in the brick-and-mortar business and solid development in the Services & Solutions business, especially in Türkiye and the Netherlands. In contrast, sales in the Western/Southern Europe segment declined slightly because of the persistently challenging market and competitive situation. Sales in Italy and Spain continued to decline slightly. The online share of Group sales was around 20.9 per cent and therefore lower than in the same quarter of the previous year (Q3 2021/22: 22.9 per cent).

EXPLANATION OF SALES IN THE DACH SEGMENT

In the **first nine months of 2022/23**, the DACH segment generated sales of €9.4 billion, which corresponds to a rise of 1.6 per cent. Adjusted for currency effects and portfolio changes, sales were 1.5 per cent above the comparable figure of the previous year.

In the **third quarter of 2022/23**, sales in the DACH segment increased by 2.0 per cent, totalling €2.5 billion. Adjusted for currency effects and portfolio changes, sales were 1.6 per cent above the comparable figure of the previous year. The sales increase was driven by positive development in Germany and Austria, with brick-and-mortar business in Germany and online business in Austria performing strongly. The sales decline in Hungary is attributable to consumer restraint in response to high inflation. In intense competition, Switzerland posted a decline on prior-year quarter.

EXPLANATION OF SALES IN THE WESTERN/SOUTHERN EUROPE SEGMENT

In the **first nine months of 2022/23**, the Western/Southern Europe segment generated sales of €5.4 billion, a decrease of 1.0 per cent. Adjusted for currency and portfolio change effects, sales decreased by 0.8 per cent.

In the **third quarter of 2022/23**, sales in the Western/Southern Europe segment decreased by 1.6 per cent compared to the prior-year period to €1.5 billion. Adjusted for currency effects and portfolio changes, sales were 1.4 per cent below the comparable figure of the previous year. Sales in the Netherlands grew, primarily as a result of good development in the online business. The Netherlands also benefited from strong demand in the Services & Solutions segment. In contrast, Spain and Italy saw a sales decline as a result of a persistently difficult market situation due to ongoing consumer restraint in consumer electronics. In Italy, the discontinuation of government subsidies in the TV sector in the previous financial year also had a negative impact. Belgium achieved a slight sales increase driven by brick-and-mortar business and especially the Service & Solutions business.

EXPLANATION OF SALES IN THE EASTERN EUROPE SEGMENT

In the **first nine months of 2022/23**, sales in the Eastern Europe segment increased by 21.1 per cent to €1.8 billion. This includes effects from the application of IAS 29 (hyperinflation in Türkiye) of €–269 million (9M 2021/22: €66 million). Adjusted for this effect and for currency effects and portfolio changes, sales were significantly above the comparable figure of the previous year at 68.4 per cent.

In the **third quarter of 2022/23**, sales in the Eastern Europe segment increased by 25.5 per cent to around €0.4 billion. This includes effects from the application of IAS 29 (hyperinflation in Türkiye) of €–287 million (Q3 2021/22: €66 million). Adjusted for this effect and for currency effects and portfolio changes, sales were 73.9 per cent above the comparable figure of the previous year. In local currency, the business in Türkiye saw continuously dynamic sales development and achieved a three-digit rate of sales growth. In Poland, sales decreased in a declining market.

EXPLANATION OF SALES IN THE OTHERS SEGMENT

In the **first nine months of 2022/23**, sales in the Others segment decreased by 10.6 per cent compared to the prior-year period to €0.3 billion. Adjusted for currency effects and portfolio changes, sales were down 21.9 per cent year-on-year.

In the **third quarter of 2022/23**, sales in the Others segment declined by 20.1 per cent to €0.1 billion. Adjusted for currency effects and portfolio changes, sales increased by 18.8 per cent and were therefore higher than the previous year's level.

Online and Services & Solutions sales in the Group

Quarter	Sales (€ million)		Change (%)	In % of total sales
	Q3 2021/22	Q3 2022/23		
Online	1,065	947	−11.1	20.9
Services & Solutions	299	302	0.9	6.7

9M	Sales (€ million)		Change (%)	In % of total sales
	9M 2021/22	9M 2022/23		
Online	4,220	3,884	−7.9	23.0
Services & Solutions	950	1,018	7.2	6.0

ONLINE SHARE OF TOTAL SALES BELOW PREVIOUS YEAR IN A VOLATILE MARKET ENVIRONMENT

In the **first nine months of 2022/23**, online sales decreased by 7.9 per cent to €3.9 billion in line with the generally declining market. The online share of total sales amounted to 23.0 per cent (9M 2021/22: 25.5 per cent). In the reporting period, the pick-up rate was 38 per cent and thus above the previous year's level (9M 2021/22: 36 per cent).

In the **third quarter of 2022/23**, online business posted a decline of 11.1 per cent and achieved sales of €0.9 billion in a declining overall market. The online share of total sales was around 20.9 per cent (Q3 2021/22: 22.9 per cent). The pick-up rate increased to around 41 per cent (Q3 2021/22: 38 per cent).

FURTHER GROWTH IN SERVICES & SOLUTIONS BUSINESS

In the **first nine months of 2022/23**, Services & Solutions sales increased by 7.2 per cent to €1,018 million. The Services & Solutions business's share of total sales therefore improved to 6.0 per cent (9M 2021/22: 5.7 per cent). A reclassification of revenue from supplier compensation as sales also contributed to this.

In the **third quarter of 2022/23**, sales in the Services & Solutions business increased by 0.9 per cent to around €302 million. The share of the Services & Solutions business accounted for 6.7 per cent of total sales (Q3 2021/22: 6.4 per cent). The sales growth of the Services & Solutions segment was supported among other things by the increased sales in the brick-and-mortar business. The sale of extended warranties and the retail media business made a particular contribution to the sales growth.

Earnings development in the Group

Quarter	Reported EBIT	Reported EBIT	Change compared to prior year	Adjusted EBIT	Adjusted EBIT	Change compared to prior year
€ million	Q3 2021/22	Q3 2022/23	Q3 2022/23	Q3 2021/22	Q3 2022/23	Q3 2022/23
Total[1]	**−180**	**−123**	**58**	**−102**	**−60**	**43**
DACH	−77	−75	1	−67	−49	18
Western/Southern Europe	−35	−32	3	−30	−25	5
Eastern Europe	−3	−1	3	−2	20	22
Others	−66	−15	50	−4	−8	−3

[1] Including consolidation

9M	Reported EBIT	Reported EBIT	Change compared to prior year	Adjusted EBIT	Adjusted EBIT	Change compared to prior year
€ million	9M 2021/22	9M 2022/23	9M 2022/23	9M 2021/22	9M 2022/23	9M 2022/23
Total[1]	**61**	**−8**	**−68**	**114**	**149**	**35**
DACH	53	72	18	70	113	43
Western/Southern Europe	24	−47	−71	26	−37	−63
Eastern Europe	27	72	45	28	90	62
Others	−45	−105	−60	−11	−18	−7

[1] Including consolidation

ADJUSTED GROUP EBIT IN THE THIRD QUARTER ABOVE PREVIOUS YEAR

In the **first nine months of 2022/23**, reported Group EBIT decreased by €68 million to €−8 million (9M 2021/22: €61 million). This includes non-recurring effects amounting to approximately €−68 million, primarily in connection with the simplification and digitalization of central structures and processes, the strengthening of the retail brands in Germany, legal risks in connection with changes in the legal environment, and accounting effects from the application of IAS 29 in Türkiye, which is classified as a hyperinflationary economy. In the previous year, reported Group EBIT included non-recurring effects amounting to approximately €−18 million. Earnings effects from companies accounted for using the equity method totalled approximately €−5 million in the reporting period (9M 2021/22: €−23 million). Earnings effects from portfolio changes came to around €−83 million (9M 2021/22: €−11 million), which related primarily to the sale of the MediaMarkt Sweden business. Adjusted for non-recurring effects and earnings effects from companies accounted for using the equity method, Group EBIT increased by €35 million to €149 million (9M 2021/22: €114 million).

In the **third quarter of 2022/23**, reported Group EBIT increased by €58 million to €−123 million (Q3 2021/22: €−180 million). This includes non-recurring effects amounting to approximately €−55 million, primarily in connection with the simplification and digitalization of central structures and processes, the strengthening of the retail brands in Germany, legal risks in connection with changes in the legal environment, and accounting effects from the application of IAS 29 in Türkiye, which is classified as a hyperinflationary economy. In the previous year, reported Group EBIT included non-recurring effects amounting to approximately €−14 million. Earnings effects from companies accounted for using the equity method of around €−1 million (Q3 2021/22: €−57 million) and earnings effects from portfolio changes, primarily in connection with the sale of the MediaMarkt Sweden business, of around €−7 million (Q3 2021/22: €−7 million) are also included. Adjusted for non-recurring effects and earnings effects from companies accounted for using the equity method, Group EBIT rose by €43 million to €−60 million (Q3 2021/22: €−102 million).

The increase in adjusted Group EBIT **in the third quarter of 2022/23** reflected the good sales development and the stable gross margin. The increase in adjusted earnings was driven in particular by the DACH and Eastern Europe segments. At country level, earnings were significantly improved in Germany and Türkiye. In the Western/Southern Europe segment, the Netherlands, Italy and Belgium saw earnings improvements. This was driven in particular by the continued recovery in the brick-and-mortar business and the associated higher income from the Services & Solutions business.

EXPLANATION OF THE RESULT IN THE DACH SEGMENT

In the **first nine months of 2022/23**, EBIT in the DACH segment was €72 million and therefore increased by €18 million year-on-year (9M 2021/22: €53 million). This includes non-recurring effects amounting to approximately €–42 million (9M 2021/22: €–16 million). Adjusted for these effects, EBIT in the DACH segment increased by €43 million to €113 million (9M 2021/22: €70 million).

In the **third quarter of 2022/23**, EBIT in the DACH segment increased by €1 million to €–75 million (Q3 2021/22: €–77 million). This includes non-recurring effects of approximately €–27 million (Q3 2021/22: €–10 million). Adjusted for these effects, EBIT in the DACH segment increased by €18 million to €–49 million (Q3 2021/22: €–67 million). This was primarily the result of strict cost control, especially in Germany. In Austria, the gross margin was improved. In Switzerland, the declining sales to a drop in earnings. Hungary was at the previous year's level.

EXPLANATION OF THE RESULT IN THE WESTERN/SOUTHERN EUROPE SEGMENT

In the **first nine months of 2022/23**, the Western/Southern Europe segment generated EBIT of €–47 million, €71 million below the previous year's level (9M 2021/22: €24 million). This includes non-recurring effects amounting to approximately €–7 million (9M 2021/22: €–1 million). Adjusted for these earnings effects and portfolio changes, EBIT declined by €63 million to €–37 million (9M 2021/22: €26 million).

In the **third quarter of 2022/23**, EBIT in the Western/Southern Europe segment increased by €3 million to €–32 million (Q3 2021/22: €–35 million). This includes non-recurring effects of €–7 million (Q3 2021/22: €–5 million). Adjusted for these earnings effects and portfolio changes, EBIT amounted to €–25 million and was thus €5 million above the previous year's level (Q3 2021/22: €–30 million). In the Netherlands, the improvement in earnings was driven by both the positive sales development and a gross margin improvement, due among other things to the positive development of the service business. In Spain, adjusted earnings decreased as a result of declining sales and an unfavourable product and margin mix. In Italy, the declining sales were partially offset by strict cost management. Earnings were above the previous year's level in Belgium and close to the previous year's level in Luxembourg.

EXPLANATION OF THE RESULT IN THE EASTERN EUROPE SEGMENT

In the **first nine months of 2022/23**, EBIT in the Eastern Europe segment at €72 million was a considerable €45 million above the previous year's level (9M 2021/22: €27 million). In addition to non-recurring effects in connection with changes in the legal environment, this includes non-recurring effects from the application of IAS 29 (hyperinflation in Türkiye) of approximately €–18 million (9M 2021/22: €–1 million). In total, it includes non-recurring effects of approximately €–18 million (9M 2021/22: €–1 million). Adjusted EBIT in the Eastern Europe segment increased by €62 million to €90 million (9M 2021/22: €28 million).

In the **third quarter of 2022/23**, EBIT in the Eastern Europe segment increased by €3 million to €–1 million (Q3 2021/22: €–3 million). This includes non-recurring effects from the application of IAS 29 (hyperinflation in Türkiye) of around €–24 million (Q3 2021/22: €–1 million). In total, it includes non-recurring effects of approximately €–21 million (Q3 2021/22: €–1 million). Adjusted for these effects, EBIT in the Eastern Europe segment increased by €22 million to €20 million (Q3 2021/22: €–2 million). The increase in adjusted EBIT is mainly due to the good sales and margin development in Türkiye. Poland likewise saw a slight increase in adjusted 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 nine months of 2022/23**, EBIT declined by €60 million year-on-year to €–105 million (9M 2021/22: €–45 million). This includes earnings effects from companies accounted for using the equity method of around €–5 million (9M 2021/22: €–23 million) and earnings effects from portfolio changes in connection with the sale of the MediaMarkt Sweden business of around €–82 million (9M 2021/22: €–11 million). Adjusted for non-recurring effects, earnings effects from portfolio changes and earnings effects from companies accounted for using the equity method, EBIT deteriorated by €7 million to €–18 million (9M 2021/22: €–11 million).

In the **third quarter of 2022/23**, EBIT in the Others segment increased by €50 million year-on-year to €–15 million (Q3 2021/22: €–66 million). This includes earnings effects from companies accounted for using the equity method of around €–1 million (Q3 2021/22: €–57 million) and earnings effects from portfolio changes in connection with the sale of the MediaMarkt Sweden business of around €–7 million (Q3 2021/22: €–7 million). Adjusted for non-recurring effects, earnings effects from portfolio changes and earnings effects from companies accounted for using the equity method, EBIT declined by €3 million to €–8 million (Q3 2021/22: €–4 million).

EBIT adjustments in the Group

Q3 2021/22

€ million	Reported EBIT	Non-recurring: Effects of store closures	Non-recurring: Effects of the introduction of the Operating Model	Non-recurring: Transaction costs from minority stake acquisition	Non-recurring: Other	Earnings effects from companies accounted for using the equity method and portfolio changes	Adjusted EBIT
Total[1]	**−180**	**−6**	**−4**	**1**	**−5**	**−64**	**−102**
DACH	−77	−5	0	0	−4	0	−67
Western/Southern Europe	−35	−1	−4	0	0	0	−30
Eastern Europe	−3	0	0	0	−1	0	−2
Others	−66	0	0	2	0	−63	−4

[1] Including consolidation

Q3 2022/23

€ million	Reported EBIT	Non-recurring: Simplification and digitalization of central structures and processes	Non-recurring: Strengthening of the retail brands in Germany	Non-recurring: Other	Earnings effects from companies accounted for using the equity method and portfolio changes	Adjusted EBIT
Total[1]	**−123**	**−31**	**0**	**−23**	**−8**	**−60**
DACH	−75	−26	0	−1	1	−49
Western/Southern Europe	−32	−5	0	−1	−1	−25
Eastern Europe	−1	0	0	−21	0	20
Others	−15	0	0	0	−8	−8

[1] Including consolidation

9M 2021/22

€ million	Reported EBIT	Non-recurring: Effects of store closures	Non-recurring: Effects of the introduction of the Operating Model	Non-recurring: Transaction costs from minority stake acquisition	Non-recurring: Other	Earnings effects from companies accounted for using the equity method and portfolio changes	Adjusted EBIT
Total[1]	**61**	**−8**	**−4**	**−1**	**−5**	**−35**	**114**
DACH	53	−8	−3	−1	−4	0	70
Western/Southern Europe	24	1	−2	0	0	0	26
Eastern Europe	27	0	1	0	−1	0	28
Others	−45	0	0	0	0	−34	−11

[1] Including consolidation

	9M 2022/23					
		Non-recurring				
€ million	Reported EBIT	Simplification and digitalization of central structures and processes	Strengthening of the retail brands in Germany	Other	Earnings effects from companies accounted for using the equity method and portfolio changes	Adjusted EBIT
Total[1]	**−8**	**−37**	**−2**	**−29**	**−88**	**149**
DACH	72	−32	−2	−8	1	113
Western/Southern Europe	−47	−5	0	−2	−2	−37
Eastern Europe	72	0	0	−18	0	90
Others	−105	0	0	−1	−87	−18

[1] Including consolidation

Financial and asset position

CASH FLOW

€ million	9M 2021/22	9M 2022/23	Change
Cash flow from operating activities	−547	451	998
Cash flow from investing activities	26	−147	−173
Cash flow from financing activities	−579[1]	−379	200
Change in net working capital[2]	−765	55	820
Free cash flow	−706	284	990

[1] Adjusted for IAS 29 effects on cash flow from operating, investing and financing activities of €11 million. This effect is now shown separately under cash flow from financing activities.
[2] Change in net working capital shown from the related statement of financial position items, mainly adjusted for currency effects and effects of the application of IAS 29

In the first nine months of financial year 2022/23, **cash flow from operating activities** resulted in a cash inflow of €451 million after a cash outflow of €547 million in the previous year. At €549 million, EBITDA was below the previous year's figure (9M 2021/22: €627 million). The significant year-on-year improvement was mainly driven by the change in net working capital. The planned reduction of inventories had a positive impact here, while net working capital in the first nine months of the previous year was adversely affected by a significant increase in inventories. Lower supplier receivables due to the lower order volume and improved receivables management also contributed to the positive change in net working capital. In addition, there was other operating cash outflow of €38 million in the first nine months, which was less than in the previous year (9M 2021/22: €218 million). The lower cash outflow is initially attributable to higher payments to settle payroll liabilities in the first nine months of the previous year. Comparatively high payments for profit shares and performance bonuses were also incurred in the prior-year period. Furthermore, lower payments were made for other taxes. This reduced cash outflow is mainly attributable to the deferral of VAT payable granted as a result of the COVID-19 pandemic and paid in the first nine months of the previous year. Finally, compensation claims capitalized in the previous year, which were realized in financial year 2022/23, contributed to lower other operating cash outflow. A smaller change in provisions for pensions and similar obligations and lower cash outflows for the payment of income taxes also drove the improvement in cash flow from operating activities.

In the first nine months of financial year 2022/23, **cash flow from investing activities** resulted in a cash outflow of €147 million. This compares with a cash inflow of €26 million in the prior-year period. The change in cash flow from investing activities is mainly attributable to a cash inflow from the change in current financial assets in the previous year. In the current year, purchases and sales of current financial assets are equal, meaning that the cash flow from investing activities is lower year-on-year. Investments in property, plant and equipment were also higher than in the previous year. This was primarily due to the expenses for the modernization and modularization of existing stores. In addition, the change was driven by lower cash inflows from disposals of long-term assets and other disposals.

In the first nine months of financial year 2022/23, **cash flow from financing activities** resulted in a cash outflow of €379 million after €579 million in the same period of the previous year. In both the current and the previous year, the cash outflow from financing activities is mainly attributable to the redemption of lease liabilities. In the first nine months of the previous year, the cash outflow was additionally increased by the profit distribution both to minority interests and to the shareholders of CECONOMY AG and by the acquisition of the 21.62 per cent minority stake in Media-Saturn-Holding GmbH previously held by Convergenta Invest GmbH.

In the first nine months of financial year 2022/23, **free cash flow** amounted to €284 million and was thus €990 million above the previous year's figure of €−706 million.

NET WORKING CAPITAL ON 30 JUNE 2023 SIGNIFICANTLY IMPROVED ON PREVIOUS YEAR

As of 30 June 2023, **net working capital** amounted to €−434 million and was therefore €395 million below the previous year's figure (30 June 2022: €−40 million). The decline is predominantly due to the significant planned reduction in inventories. Lower receivables due from suppliers, in some cases due to earlier invoicing, also had a positive effect. This was slightly offset by lower trade liabilities, whose decline is partly attributable to a lower order volume, and higher trade receivables and similar claims, which reflect the sales increase in the Services & Solutions business.

NET DEBT ON 30 JUNE 2023 DOWN ON PREVIOUS YEAR

As of 30 June 2023, net debt amounted to €−1,968 million after €−2,464 million in the previous year. The €496 million decline in net debt is due both to lower borrowings and to higher cash and cash equivalents, whose increase was partly driven by sales. Adjusted for lease liabilities, net debt as of 30 June 2023 amounted to €–207 million (30 June 2022: €–489 million).

INVESTMENTS BELOW PREVIOUS YEAR'S LEVEL

Investments totalled €392 million in the first nine months of 2022/23 and were €94 million below the previous year's level (9M 2021/22: €486 million). The considerable decline is mainly attributable to a lower addition of rental right-of-use assets of €252 million, which was €86 million lower than the previous year's level (9M 2021/22: €338 million). This development was mainly driven by a lower addition of rental right-of-use assets in the Netherlands and Italy in particular, which is attributable to the extension of several rental agreements in the previous year. In contrast, investments in modernization activities and expansions in the first nine months of 2022/23 were roughly level with the previous year.

In the third quarter of 2022/23, investments totalled €125 million, €39 million below the previous year's level (Q3 2021/22: €165 million). The decline was mainly due to lower investments in modernization activities in the Western/Southern Europe segment in particular as well as the slight decline in the addition of rental right-of-use assets.

In the first nine months of 2022/23, the store network was expanded by five stores in Türkiye, three stores each in Germany and Spain, and two stores each in Austria and Italy. In contrast, four stores in Germany and one store each in Belgium, Spain, Italy and the Netherlands closed in the reporting period. In the third quarter of 2022/23, the store network was expanded by four stores Türkiye and by one store each in Germany, Austria and Spain. In contrast, two stores in Germany were closed in the third quarter of 2022/23. At the end of the third quarter of 2022/23, the total number of stores was therefore 1,031. The average selling space per store declined by 0.7 per cent from 2,513 square metres as of 31 March 2023 to 2,495 square metres as of 30 June 2023.

FINANCING

CECONOMY issues financial instruments on the capital market for medium- and long-term financing. As of 30 June 2023, five promissory notes totalling €121 million with a remaining term of up to four 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 reporting period. In addition, CECONOMY AG issued a convertible bond with a term of five years and nominal volume of €151 million as part of the full acquisition of the shares in Media-Saturn-Holding GmbH am 9 June 2022.

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 30 June 2023, €5 million was outstanding under the commercial paper programme (30 June 2022: €50 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 have two options to extend the term by a further year, whereby the first one-year extension option until May 2025 has already been exercised for the tranche of €353 million. As in the previous year, the credit facilities had not been utilized as of 30 June 2023.

As of 30 June 2023, CECONOMY was assessed by the international rating agencies S&P Global Ratings (BB-, outlook "stable"), Fitch (BB, outlook "stable") and Scope (BBB-, outlook "negative").

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Income statement

€ million	Q3 2021/22	Q3 2022/23	9M 2021/22	9M 2022/23
Sales	**4,659**	**4,527**	**16,531**	**16,895**
Cost of sales	−3,852	−3,726	−13,682	−13,997
Gross profit on sales	**807**	**801**	**2,850**	**2,897**
Other operating income	37	36	145	147
Selling expenses	−809	−785	−2,473	−2,510
General administrative expenses	−157	−172	−432	−465
Other operating expenses	−2	−2	−4	−66
Earnings share of operating companies recognized at equity	−57	−1	−23	−5
Net impairments on operating financial assets and contract assets	1	−1	−2	−6
Earnings before interest and taxes (EBIT)	**−180**	**−123**	**61**	**−8**
Other investment result	0	0	13	0
Interest income	8	8	17	38
Interest expenses	−17	−28	−49	−93
Other financial result	−3	−13	−9	−19
Net financial result	**−11**	**−33**	**−28**	**−73**
Earnings before taxes (EBT)	**−191**	**−156**	**32**	**−81**
Income taxes	74	−30	−23	−23
Profit or loss for the period	**−117**	**−186**	**9**	**−104**
Profit or loss for the period attributable to non-controlling interests	−22	0	3	1
Profit or loss for the period attributable to shareholders of CECONOMY AG	−95	−186	6	−105
Undiluted earnings per share in €[1]	**−0.24**	**−0.38**	**0.02**	**−0.22**
Diluted earnings per share in €[1]	**−0.24**	**−0.38**	**0.02**	**−0.22**

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

Statement of financial position

Assets

€ million	30/09/2022	30/06/2022	30/06/2023
Non-current assets	**3,865**	**3,646**	**3,593**
Goodwill	524	524	524
Other intangible assets	152	142	166
Property, plant and equipment	541	501	511
Right-of-use assets	1,835	1,868	1,653
Financial assets	115	122	101
Investments accounted for using the equity method	388	388	375
Other financial assets	2	2	2
Other assets	5	7	4
Deferred tax assets	302	92	257
Current assets	**6,134**	**5,862**	**5,647**
Inventories	3,176	3,378	2,907
Trade receivables and similar claims	440	405	446
Receivables due from suppliers	1,296	1,067	987
Other financial assets	142	166	137
Other assets	163	229	210
Income tax assets	147	166	200
Cash and cash equivalents	769	451	654
Assets held for sale	–	–	105
	9,998	**9,508**	**9,239**

Equity and liabilities

€ million	30/09/2022	30/06/2022	30/06/2023
Equity	**592**	**407**	**488**
Share capital	1,240	1,240	1,240
Capital reserve	389	389	389
Reserves retained from earnings	−1,039	−1,222	−1,143
Non-controlling interests	2	0	2
Non-current liabilities	**2,642**	**2,669**	**2,492**
Provisions for pensions and similar obligations	332	365	328
Other provisions	43	40	48
Borrowings	2,184	2,202	2,044
Other financial liabilities	14	25	14
Other liabilities	3	3	3
Deferred tax liabilities	65	34	55
Current liabilities	**6,765**	**6,431**	**6,259**
Trade liabilities and similar liabilities	5,340	4,890	4,775
Provisions	95	74	82
Borrowings	589	713	578
Other financial liabilities	360	316	337
Other liabilities	309	372	307
Income tax liabilities	72	67	32
Liabilities related to assets held for sale	–	–	149
	9,998	**9,508**	**9,239**

Cash flow statement

€ million	9M 2021/22	9M 2022/23
EBIT	61	–8
Scheduled depreciation/amortization, impairment losses and reversals of impairment losses 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 and assets held for sale	566	557
Change in provisions for pensions and similar obligations	–55	–2
Change in net working capital[1]	–765	55
Income taxes paid	–126	–86
Reclassification of gains (–)/losses (+) from the disposal of fixed assets	1	–2
Other	–218[2]	–38
Gain or loss on net monetary position	–11[2]	–25
Cash flow from operating activities of continuing operations	**–547**	**451**
Cash flow from operating activities of discontinued operations	0	0
Cash flow from operating activities	**–547**	**451**
Investments in property, plant and equipment	–126	–130
Other investments	–32	–37
Disposal of long-term assets and other disposals	35	20
Change in current financial assets	150[3]	0
Cash flow from investing activities of continuing operations	**26**	**–147**
Cash flow from investing activities of discontinued operations	0	0
Cash flow from investing activities	**26**	**–147**
Profit distribution	–104	–3
thereof dividends paid to the shareholders of CECONOMY AG	–63	0
Equity transactions with change in equity interest without obtaining/relinquishing control	–82	0
Redemption of liabilities from put options of non-controlling interests	–23	–1
Proceeds from long-term borrowings	270[4,5]	208
Redemption of lease liabilities	–376	–371
Redemption of borrowings (excluding leases)	–360[4,5]	–233
Change in other current borrowings	117[4,5]	84
Interest paid	–43	–84
Interest received	16	29
Profit and loss transfers and other financing activities	6[6]	–7
Cash flow from financing activities of continuing operations	**–579[6]**	**–379**
Cash flow from financing activities of discontinued operations	0	0
Cash flow from financing activities	**–579[6]**	**–379**
IAS 29 effects on cash flow from operating, investing and financing activities	11[6]	22
Total cash flows	**–1,089**	**–52**
Currency and inflation effects on cash and cash equivalents	–83[7]	–75
Total change in cash and cash equivalents	**–1,172[7]**	**–127**
Total cash and cash equivalents as of 1 October	1,623[7]	792
Less the effects of indexing cash and cash equivalents	42[7]	23
Less cash and cash equivalents recognized in assets in accordance with IFRS 5	0	0
Cash and cash equivalents as of 1 October according to statement of financial position	**1,582**	**769**
Total cash and cash equivalents as of 30 June	451	665
Less cash and cash equivalents recognized in assets in accordance with IFRS 5	0	11
Cash and cash equivalents as of 30 June according to statement of financial position	**451**	**654**

[1] Change in net working capital shown from related items of the statement of financial position, mainly adjusted for currency effects and effects of the application of IAS 29
[2] Recognized in the previous year at €–11 million under "Other"
[3] Recognized in the previous year at €–365 million under "Financial investments and securities" and at €515 million under "Disposals of financial investments and securities"
[4] In the previous year, commercial papers issued to obtain short-term financial funding current were shown together with the repayment of these borrowings under "Proceeds from long-term borrowings". This recognition was corrected in favour of presentation without netting, with repayments from the commercial paper programme of €169 million now recognized under "Redemption of borrowings (excluding leases)"
[5] Recognized in the previous year at €–21 million under "Redemption of other borrowings" and at €138 million under "Proceeds from long-term borrowings"
[6] Recognized in the previous year at €11 million under "Profit and loss transfers and other financing activities"
[7] As a result of the indexing of the opening balance of cash and cash equivalents of €42 million, the previous year's figure for currency and inflation effects on cash and cash equivalents is reduced accordingly

FINANCIAL CALENDAR

Annual report Q4/FY 2022/23	Monday	18 December 2023	7:00 a.m.

All time specifications according to German time.

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GENERAL INFORMATION

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