otto group

2025/26
Annual Report

Our future: powered by people and tech

Key figures

The 2025/26 financial year was again challenging for all market participants, including the Otto Group, due to the tense trade and geopolitical situation and uncertain consumer sentiment. Nevertheless, the Otto Group was able to stabilize its revenue on a comparable basis at the previous year's level and also achieve a clearly noticeable profit improvement, as reflected in EBITDA and especially EBIT. The debt service ratio as an indicator of the Group's financial performance remained at the previous year's level due to increased profitability and a concurrent increase in net financial debt. The Otto Group can therefore look back on a successful 2025/26 financial year.

Key figures		2025/26	2024/25
Revenue	EUR billion	13.8	14.9
Change on a comparable basis [1]	in %	+0.4	
EBITDA	EUR million	1,132	916
EBIT	EUR million	641	276
EBT	EUR million	457	311
Profit for the year (EAT)	EUR million	312	165
Group equity	EUR million	4,439	4,909
Net financial debt	EUR million	2,369	2,095
Gross cash flow from operating activities	EUR million	1,136	964
Free cash flow	EUR million	340	1,254
Employees	Number	34,831	36,304
thereof domestic	Number	20,001	21,334
thereof foreign	Number	14,830	14,970
Credit metrics			
Cash EBITDA	EUR million	1,837	1,620
Group equity ratio	in %	34.3	36.5
Debt service ratio	in years	1.3	1.3
Debt to equity ratio	ratio	0.5	0.4
Selected key figures of the Sustainability Strategy [2]		2025/26	
Proportion of preferred fibers	in %	45	
Proportion of preferred wood	in %	86	

Climate target (near-term science-based target)		At the end of the 2025/26 financial year
Sub-target 1: Absolute Scope 1 and 2 GHG emission reduction by 42% by the end of the financial year 2030/31 compared to the financial year 2021/22	in %	–59
Sub-target 2 (Supplier Engagement): At least 75% of the third-party brands, based on purchasing volume, and at least 20% of the marketplace partners based on gross merchandise value (GMV) have set their own SBT validated by the SBTi by the end of the 2027/28 financial year.[3]	Proportion of third-party brands in %	47
	Proportion of marketplace partners in %	8
Sub-target 3: Absolute reduction in Scope 3 GHG emissions by 42% by the end of the financial year 2031/32 compared to the financial year 2021/22	in %	–15

1) The change on a comparable basis represents revenue growth adjusted for the effects of changes in the scope of consolidation and exchange rate changes.
2) The key figures of the updated Sustainability Strategy were collected for the first time in the 2025/26 financial year.
3) Starting from the financial year 2025/26, we will report separately for third-party brands (target value 75%) and marketplace partners (target value 20%).

Our future: powered by people and tech

The “Responsible commerce that inspires“ vision sets the guidelines for the Otto Group. It emphasizes the relevance of sustainable commerce and sustainable business practices and formulates the clear commitment to combining economic success with social and economic responsibility. As the largest online retailer of European origin, the Otto Group already today is shaping the digital retail and digital services of the future by drawing on its strength, market significance and values.

The Strategy 2030 sets out five strategic priorities around which the Otto Group aligns its business activities: “Inspiring customers“, “Scaling and diversifying“, “Increasing profitability and investment capability“, “Creating competitive tech capabilities“ and “Creating a culture of performance“.

The goal: a scalable, high-performing portfolio of strong, competitive and tech-driven companies that inspire customers and act responsibly.

Content

Building a strong foundation for the future

Dear ladies and gentlemen, dear companions of the Otto Group,

The year 2026 got off to a vigorous start: We became the first retailer in Europe to develop an innovative logistics solution in collaboration with the leading tech company Nvidia.

Early in the year, we stopped off at the leading international trade fair, the NRF, in New York City on our way to the advisory board meeting at Crate and Barrel, one of the most successful companies in the Otto Group.

Aside from immersing ourselves in technology and future trends, we were able to announce our international collaboration with Nvidia: We will be adding physical artificial intelligence (AI) to our logistics to take the next step in robotics and automation – for faster deliveries and improved customer service.

We also harnessed the transformative power of generative AI early on. Over the course of the last year, we systematically embedded these tools more deeply within the customer journey and our workflows.

Not only does this improve efficiency, it also opens the door to an entirely new shopping experience for our customers. Innovation is integral to our DNA. It gives me great pleasure to see how willingly we, as the Otto Group, are taking on a leading role in the technologies shaping tomorrow's world – AI in particular – and are setting clear trends.

We also made this clear at the European Digital Sovereignty Summit in November 2025 in Berlin: as the Otto Group, we will invest around €350 million in technology and AI in the medium term. We are clearly focused on the future.

The 2025/26 financial year, which came to a conclusion at the end of February, has strengthened our foundations for ongoing development. We find ourselves in a demanding environment with geopolitical and global economic challenges and persistent consumer reticence in our key markets. We countered this with a clear development of our strategic priorities.

We are seeing a positive trend in revenue and earnings, particularly on the e-commerce platform OTTO, the experience and service-oriented business of the furniture and lifestyle provider Crate and Barrel and the valuable financial portfolio of the international Eos Group.

Doing so will secure the Otto Group's income, cash and investment capabilities. On the other hand, we are also consolidating and restructuring in response to challenging times. We are therefore steering the Group into the future and creating space for important investments.

"We harnessed the transformative power of generative AI early on."

Petra Scharner-Wolff
CEO of the Otto Group

All of this has placed high demands on our colleagues from throughout the Group. Pragmatic, creative and brimming with energy, they have shown immense commitment. I would like to extend my gratitude for this.

Prof. Dr. Michael Otto has played a vital role in shaping and defining the Otto Group for 55 years. His departure marks the end of an era for which I am eternally grateful and which was characterized by our extraordinary, long-standing cooperation. At the same time, it now gives me great pleasure to actively shape the future with Benjamin Otto in his role as Chair of the Foundation Board and Shareholders' Council.

This succession has been prepared assiduously: our jointly developed Strategy 2030 is already showing strong progress just one year after its launch. Now we must continue along this path and shape the future with steely resolve.

Yours,

Petra Scharner-Wolff
CEO of the Otto Group

The Executive Board

"Our conscious focus on profitability and liquidity has paid off and strengthened resilience within the Group."

Katy Roewer

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

"We strengthen our future viability through decisive action with a clear strategy, outstanding technological expertise and the courage to consistently develop our business further."

Petra Scharner-Wolff

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

"OTTO continues to grow with its platform business and is an impressive example of our consistent focus on successful business models."

Dr. Marcus Ackermann
Member of the Executive Board
Multichannel Distance Selling

"The Otto Group is strong in transformation, digital and profitable – ideal conditions for scaling our successful business models such as Crate and Barrel and the Eos Group."

Dr. Philipp Andrée*
Member of the Executive Board
Brands and Retail

"With its use of smart robotics and physical AI, the Otto Group is setting a new industry benchmark for efficiency, scalability and integration in logistics."

Kay Schiebur
Member of the Executive Board
Services

Mahbobeh Sabetnia, Member of the Executive Board Technology and Retail (19 May 2025 to 30 November 2025)

* succeeding Sergio Bucher, Member of the Executive Board Brands and Retail (until 28 February 2026), since 1 April 2026

Editorial

**Dear ladies and gentlemen,
dear friends of the Otto Group,**

The results of the past financial year are encouraging. In an environment shaped by considerable international uncertainty and volatility, the Executive Board, under the aegis of Petra Scharner-Wolff, used strategic foresight and operational acumen to steer the Otto Group through the challenging conditions and achieve key targets for revenue, earnings and balance sheet structure.

I would like to express my sincere thanks to the Executive Board, managers and employees for this achievement, which will prove to be of immense importance going forward. We must all preserve our transformational capacities in order to remain able to take the right action in volatile times. I have every confidence in my colleagues in this regard.

The profound technological transformation has impressed me. For example, physical artificial intelligence (AI) will revolutionize intralogistics and ensure faster deliveries and an improved customer experience. At the same time, generative artificial intelligence and AI agents that will shape the future of consumption are breakthrough innovations that will become game changers for society, science and business.

The Group's investments in transformation, digitization and AI competencies over recent years are paying off. The cultural change announced over a decade ago as the Otto Group's most far-reaching change process has placed us on the right track to ensure the Group's future viability. There was a clear focus on performance from day one, and this focus is currently more important than ever before.

One of the challenges facing the economy and the Otto Group is to enclose technological capabilities – and AI in particular – within value-oriented guard rails. At the human-machine interface, the objective is to combine technological opportunities with values such as transparency and participation. The concept of a social market economy already places the power of the economy at the service of society. This must also be ensured for key technologies such as AI. Europe cannot and should not copy others. Europe must choose its own path. Only then will we be able to ensure economic progress, social prosperity and European sovereignty as the importance of AI grows increasingly.

As a family business now in its third generation, the Otto Group has always managed to reconcile excellent and broad-based performance with transparent services, high-quality products and fair business relationships. Responsibility towards people and nature has a long tradition at the Otto Group and is reflected in various programs and initiatives.

By following this tradition, we will be able to master even the most recent technological revolutions both successfully and responsibly. I look forward to continued cooperation with the Executive Board and with Benjamin Otto as the new Chair of the Foundation Board and the Shareholders' Council.

Yours,

Alexander Birken
Chair of the Supervisory Board
of the Otto Group

The Supervisory Board

Prof. Dr. Michael Otto | HAMBURG
Honorary Chair of the Supervisory Board of the Otto Group, Entrepreneur

Alexander Birken | HAMBURG
Chair, Businessman

Monika Vietheer-Grupe | BARSBÜTTEL*
Vice Chair, since 1 July 2025, Chair of the Works Council bonprix Handelsgesellschaft mbH

Birgit Rössig | HITTBERGEN*
Vice Chair, until 30 June 2025,
Member of the Works Council Otto GmbH & Co. KGaA

Frederic Arndts | HAMBURG
Managing Director KG CURA Vermögensverwaltung G.m.b.H. & Co.

Jens Gerrit Becker | HAMBURG*
Member of the Joint Works Council Hermes Germany GmbH

Sergio Bucher | HAMBURG
Independent Management and Strategy Consultant, since 1 March 2026

Torsten Furgol | MAGDEBURG*
Regional Specialist ver.di Trade Union Saxony, Saxony-Anhalt, Thuringia

Oliver Grund | HEINSBERG*
Chair of the General Works Council Hermes Germany GmbH

Dr. Rainer Hillebrand | HAMBURG
Independent Management and Strategy Consultant

Dr. Nicolai Johannsen | HAMBURG*
Vice President Consumer Interactions Otto GmbH & Co. KGaA, until 31 December 2025

Thomas Korn | HAMBURG
Chief of Staff Benjamin Otto

Heike Lattekamp | HAMBURG*
Vice Chair Regional Manager ver.di Trade Union Commerce Hamburg

Valerie Meise | LÜBECK*
Division Manager Management & Tech Consulting, Otto Group one.O GmbH, since 1 January 2026

Frauke Mispagel | HAMBURG
Management Consultant and Business Coach

Thomas Mort | LUHE-WILDENAU*
Vice Chair of the Works Council Witt Group

Alexander Otto | HAMBURG
Chair of the Executive Board ECE Group GmbH & Co. KG

Benjamin Otto | HAMBURG
Entrepreneur, until 28 February 2026

Janina Lin Otto | HAMBURG
Chair of the Holistic Foundation Board, since 1 March 2026

Sarah Reitemeyer | BAD SEGEBERG
Managing Director BPO Capital GmbH & Co. KG

Lars-Uwe Rieck | GRINAU*
Regional Specialist ver.di Trade Union Post and Logistic Hamburg/North

Benjamin Schaper | HAMBURG
Managing Director GFH Gesellschaft für Handelsbeteiligungen m.b.H.

Dirk Schmidt | HAMBURG*
Chair of the Group Works Council Otto GmbH & Co. KGaA, since 1 July 2025

Dr. Winfried Steeger | HAMBURG
Attorney, until 28 February 2026

Inka Wolff | GUTENSWEGEN*
Member of the Works Council Hermes Fulfilment GmbH

The Shareholders' Council

Benjamin Otto | HAMBURG
Chair, Entrepreneur, since 1 March 2026

Alexander Birken | HAMBURG
Vice Chair, Businessman

Frederic Arndts | HAMBURG
Managing Director KG CURA Vermögensverwaltung G.m.b.H. & Co.

Marius Marschall von Bieberstein | BERLIN
Managing Partner evoreal Holding GmbH & Co. KG

Florian Heinemann | BERLIN
Managing Director, Project A Ventures Management GmbH, since 1 March 2026

Thomas Korn | HAMBURG
Chief of Staff Benjamin Otto

Elisabeth L'Orange | HAMBURG
Equity Partner for AI & Data, Deloitte Consulting GmbH, since 1 March 2026

Alexander Otto | HAMBURG
Chair of the Executive Board ECE Group GmbH & Co. KG

Prof. Dr. Michael Otto | HAMBURG
Chair, Entrepreneur, until 28 February 2026

Benjamin Schaper | HAMBURG
Managing Director GFH Gesellschaft für Handelsbeteiligungen m.b.H., since 1 March 2026

* Employee representatives

Successful generational change

The end of the 2025/26 financial year marked the end of an era as well: Benjamin Otto has taken over main responsibility for the Group from his father Prof. Dr. Michael Otto. In this interview, the two reveal why the Otto Group is built on a strong foundation, describe the challenges facing the Group and outline what needs to change and why values still point the way.

After 55 years, there is this well-prepared transition to the third generation of the Otto family. How do you both feel about it?

Dr. Michael Otto: I feel very good because I have a good feeling about the handover. With Benjamin, an experienced entrepreneur becomes Chair of the Michael Otto Foundation and the Shareholders' Council, who thinks strategically and acts in a value-oriented manner. As CEO, Petra Scharner-Wolff possesses outstanding leadership and executive skills. I am delighted to have recruited Petra to this C-suite position because I have always promoted women into management. As Chair of the Supervisory Board, Alexander Birken has extensive experience, is familiar with the strengths and weaknesses of the Otto Group and knows the management team very well.

Benjamin Otto: I am delighted to be starting out with this broad and competent team. On a personal level, this is a very exciting time for me right now. I have spent the majority of my professional life as an entrepreneur, managing director and founder – including of About You – and as a constitutive shareholder preparing to shoulder the main responsibility at the Otto Group. Now the time has come. I feel joy and responsibility at the same time – but the joy outweighs the responsibility.

The process of generational succession was entirely harmonious. How did the two of you manage to succeed where many other family businesses stumble?

Benjamin Otto: There were certainly moments of friction and adjustment as well. But this is just part of the transition process. Friction creates energy. And if you take enough time to talk, as we did, you can channel the energy in a positive direction. That's something we have always managed.

Dr. Michael Otto: I agree, regular dialog was certainly very helpful. We also made important decisions jointly in recent years. We benefit from the fact that we share the same values.

Can you describe the state of the Otto Group from your perspectives?

Benjamin Otto: My grandfather laid the foundation with his vision of mail-order shoe sales, value-oriented business practices and foresight. My father transformed a medium-sized German mail order company into an internationally active and diversified retail and services group. There has been a stiff increase in competition, and the environment is becoming more and more volatile. At the moment, there is real strain on the economic, political and social systems. Adding to this is the evolutionary leap in technology associated with the rapid advances in artificial intelligence - a transformation that is also essential in order to remain competitive in the long term. It is fantastic that the Otto Group can hold its own in this environment. But continuous adaptation and reinvention will still be necessary. We are currently experiencing this kind of profound phase of transformation. My aim going forward is to ensure that this Group continues to stand on a stable economic, value-oriented foundation in the future and develop a pioneering role in the technology sector.

Dr. Michael Otto: Despite the need for improvement, the Otto Group has a strong foundation and a sound financial basis, is at the forefront of digitization and is well equipped for the future. Come what may, we will uphold our values even in difficult times. Digital development is particularly crucial in e-commerce – and we are excellently positioned in the area of artificial intelligence (AI) to rise to future challenges. The same applies to the application and deployment of robotics in logistics.

> “The Otto Group is well equipped for the future.”
>
> **Prof. Dr. Michael Otto**
> Honorary Chair of the Supervisory Board of the Otto Group

Can you describe the biggest challenges that the Otto Group will face in the coming ten to 15 years?

Dr. Michael Otto: One major challenge is certainly the constant change in the economic and political environment, especially in regard to international trade rules. This applies not only due to changing tariffs but also non-tariff trade barriers. Fair competitive conditions are also important. Besides this, we need to prepare for major investments in technology and AI in particular in order to remain competitive.

Benjamin Otto: Rapid technological developments, especially AI, will significantly change the economy, industry and society – even more than the advent of the internet. What will matter most for the Otto Group is to continue strengthening adaptability and to become even more resilient. This applies to all dimensions that a corporate group needs to consider – whether it's the employees, technologies or finances. Although this will be challenging, it also holds huge opportunities that we are already seizing with an eye to the future, for example in the areas of Gen AI and Agentic Commerce.

Benjamin, with regard to how your father shaped the Otto Group: what will you take with you moving forward? And where will you seek – and manage – to leave your own mark on the company?

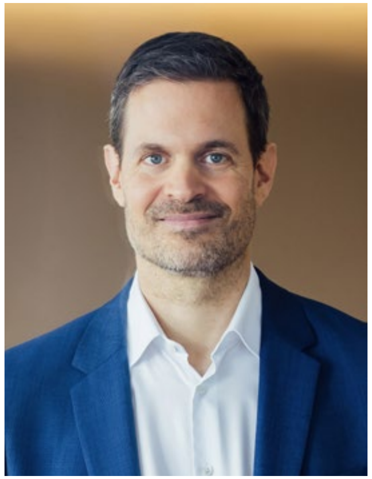
Benjamin Otto: My father succeeded in making the Otto Group a special place – a company that people enjoy working for. This secret formula is hard to describe, but it certainly has a lot to do with respect and appreciation towards employees, business partners, customers and other stakeholders – and undoubtedly also with trust. I would like to maintain this culture of trust, but also leave my own mark, of course. For me, it's all about developing individual potential and the power of community, which I believe can move mountains.

Ten years ago, you both announced and implemented a cultural change in the Otto Group. What has this change achieved and what will be needed to maintain a performance culture in the age of AI?

Dr. Michael Otto: We have made radical changes to our Group, moving from a hierarchical mindset to a spirit of teamwork, from a 'silo structure' to cross-functional action combined with openness, appreciation and a constructive approach to mistakes. This is vital in order to remain highly agile – a make-or-break criterion in the digital age. Naturally, this is predicated on high levels of motivation, a commitment to lifelong learning, and an enjoyable work environment.

"The Otto Group must develop a pioneering role in the technology sector."

Benjamin Otto
Chair of the Shareholders' Council of the Otto Group



Benjamin Otto: The Kulturwandel 4.0 (cultural change) established a good basis for the Group and was actually the factor that made change possible at all. I believe that we should breathe new life into the cultural change. In times of strong technologization – especially AI – what matters most is how we shape the human-machine relationship.

Ethical frameworks and values play a special role here. They can serve as guidelines on how AI can be deployed sensibly and for the benefit of employees.

On the other hand, they represent the foundations on which a performance culture can evolve. After all, performance is the product of a focused alignment of resources and the determination to achieve personal and corporate improvement.

Dr. Otto, will you mainly be attending to your various foundations in the future?

Dr. Michael Otto: If we consider the immense challenges, I would like my foundations to provide clear impetus in the areas of the environment, sustainability and democracy. I would also like to continue to support ongoing development of the Hamburg Sustainability Conference (HSC) and to promote young people, education and culture in Hamburg.

What advice would you give each other, and what are your greatest wishes for one another?

Benjamin Otto: I hope that my father can now enjoy his immense achievements and spend time on things that continue to fulfill him and make him happy.

Dr. Michael Otto: And my wish would be that Benjamin can draw on highly motivated and committed employees in the Otto Group, that his decisions always prove fruitful and that he finds real pleasure in his work.

Corporate overview

Selected companies

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

Platforms	Brand Concepts	Retailers	Services	Financial Services
OTTO	Bonprix Crate and Barrel Witt Group	Baur Frankonia Freemans Grattan Limango Manufactum Otto Austria Group	Hermes Einrichtungs Service Hermes Fulfilment Hermes Germany Otto International SupplyX	Eos Group Hanseatic Bank*
Headline*	Project A*	Betterdoc	Medgate	Otto Group One.O

* Investment companies

Growth with **foresight**

With three companies that are all growing in their distinct markets despite volatile conditions, the Otto Group demonstrates how scaling and diversification can be consistently successful today: OTTO as a strong platform in Germany, the Eos Group as a leading provider of receivables management in Europe and Crate and Barrel Holdings with its omnichannel footprint in North America. Their data-driven business models, technological innovation and strong customer focus lay the foundation for sustainable growth. Together, they make a significant contribution to the Otto Group's financial stability and strengthen the Group's future viability in a challenging environment.

As the largest German online store, OTTO offers the most comprehensive selection of furniture and home furnishings on the German e-commerce market. The Hamburg-based company is now adding an exclusive own brand to this range: 'OTTO home' is intended to develop fresh potential and drive growth in the living range.

It is a year shaped by global uncertainty – mercurial market conditions, far-reaching tensions, subdued consumer sentiment. The Otto Group is demonstrating resilience in this environment and maintains a portfolio that not only responds to change but also embraces challenges and actively shapes the future. The underlying strategy: consistently expanding successful business models, broadening the income base, applying different business logics to hedge risks and deploying technology as a connecting element. The developments at OTTO, Eos and Crate and Barrel underscore how effective this strategy is across highly heterogeneous business models and markets. Together, these central Group companies provide a solid foundation that keeps the Otto Group stable, even in phases of market volatility.

OTTO – using product ranges, services and technology as scaling mechanisms

OTTO is embarking on this growth journey from its base in Hamburg. Ongoing developments in the field of AI commerce are profoundly impacting the strategic thrust and are making a significant contribution to scalability. Opening the OTTO marketplace to international partners will stimulate growth as well.

With the continuous expansion of its AI program, OTTO is focusing on technological excellence and real customer proximity, supporting its ambitions to expand direct customer access and position OTTO as a leading player in the emerging AI-powered commerce segment. The new AI-based shopping assistant – which enables customers to engage in real-time dialog – and the integration of the Virtual Content Creator (AI-powered image production) will significantly enhance the customer journey.

The number of active customers has risen to 12.6 million and the GMV has increased to around €7.5 billion (based on the past 2025/26 financial year). Both the retail business and the marketplace are experiencing positive growth – underpinned by a targeted expansion of the product range: This includes the launch of the own home & living brand 'OTTO home', the integration of the first online pharmacies, the range of long-life food products and the steadily growing 'wellbeing' segment. Books will also be incorporated into the platform. Partners from the Netherlands have been offering their product ranges on the OTTO marketplace since April 2026. Suppliers from Poland, Austria, France and Spain will follow by the end of the year. Danish retailers are also expected to start selling on the platform in early 2027.

"Internationalization of the marketplace is an important step for us to further expand our curated product range and, at the same time, to give quality partners from other EU countries access to our high-reach platform," says Dr. Boris Ewenstein, CEO OTTO.

The retail media business has also experienced meaningful development: OTTO now automatically markets data-driven advertising space on its proprietary demand-side platform. Advertising partners can book their own ads in real time – an important step towards more efficient management of the advertising business. At the same time, improvements in compliance processes ensure greater quality and transparency on the marketplace – a reliable, secure and transparent platform that builds trust among customers and partners.

The combination of an extensive product range, continuous technological development, high brand appeal, marketplace internationalization and strong services – including furnishing and installation services as well as next-day deliveries, including shipping goods, at no extra charge – positions OTTO as a driver of future growth well beyond the conventional marketplace model.

Eos Group – excellence, experience and expansion in Europe

The Eos Group demonstrates how financial services can be successfully scaled across local markets. Targeted investments, a focus on advanced technologies and consistent leveraging of growth opportunities – including the development of new markets – lend Eos a dynamism that positively impacts the growth and robustness of the entire Otto Group.

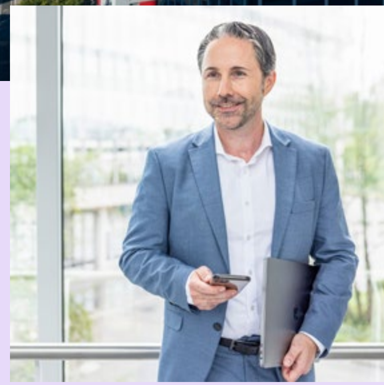
Its success builds on over five decades of experience, profound expertise in the purchase of NPL portfolios (non-performing loans) and a fair approach to defaulting payers.

Eos has a clear ambition to be among the top three in the industry across all relevant markets. This is made possible by operational excellence, digitization and close cooperation with an international group operating in over twenty European countries.

Marwin Ramcke, CEO of the Eos Group: "Our growth is rooted in experience, international collaboration and entrepreneurial spirit – three factors that place us among Europe's leading providers in the field of debt purchase. We also act sustainably and responsibly."

Eos was awarded a Gold Medal by EcoVadis in December 2025, placing it among the top five percent of the world's most sustainable companies.

International networking and close cooperation within the Group make a significant contribution to this positive development. In Portugal, Eos has shown how quickly and successfully new markets can be developed. Through investments in receivables portfolios, the company increased its total assets under management by more than 50 percent within one year. This enormous scaling was also successfully implemented in the downstream processing of receivables, largely thanks to the Kollecto+ debt collection system, the company's IT flagship that had originally been developed for the local Romanian market. The proprietary, cloud-based receivables managment system digitizes processes in 13 countries and creates a fully scalable, Group-wide operating model. In doing so, the company is laying the foundations for consistent organizational, technological and process-related work across countries – as a basis for growth, efficiency and scalability.



"Our growth is rooted in experience, international collaboration and entrepreneurial spirit."

Marwin Ramcke
CEO
Eos Group

Crate and Barrel Holdings: the future of retail

A clear view across the Atlantic: There, Crate and Barrel Holdings shows how growth can be achieved in the North American retail market. This builds on a stringent and well thought-out strategy: focusing on customer experience, sharpening product ranges and connecting shopping channels.

The organization's success is anchored in putting the customer first. This is evidenced by significant investments in specialized services that guide customers through complex shopping journeys, including Interior Design, Wedding Registry, and Trade programs. By deepening this commitment to service, Crate and Barrel Holdings is building lifelong customer loyalty through a holistic shopping experience that transcends individual transactions.

"In a period defined by market noise and global volatility, our strategy remains our North Star," said Janet Hayes, CEO at Crate and Barrel Holdings. "We have learned that the best way to navigate uncertainty is not by reacting to every external shift, but by deepening our focus on the things that never change: the customer's desire for quality, inspiration, and a seamless, personalized experience. By staying disciplined and prioritizing our core initiatives we aren't just weathering the storm; we are building the future of our company."

"We deepen our focus on the customer's desire for quality, inspiration, and a seamless, personalized experience."

Janet Hayes
CEO
Crate and Barrel Holdings

By doing so, Crate and Barrel Holdings is continuing to expand its omnichannel footprint by investing in both the store network and the new digital platform. There are plans to open over 30 new Crate and Barrel and CB2 locations in the USA and Canada over the next three to four financial years. Current stores will be modernized during the same period. In addition to the retail expansion, the company will invest in a new e-commerce platform to create a seamless, friction-free, personalized shopping experience full of inspiration and content to help customers with their journey of building a home.

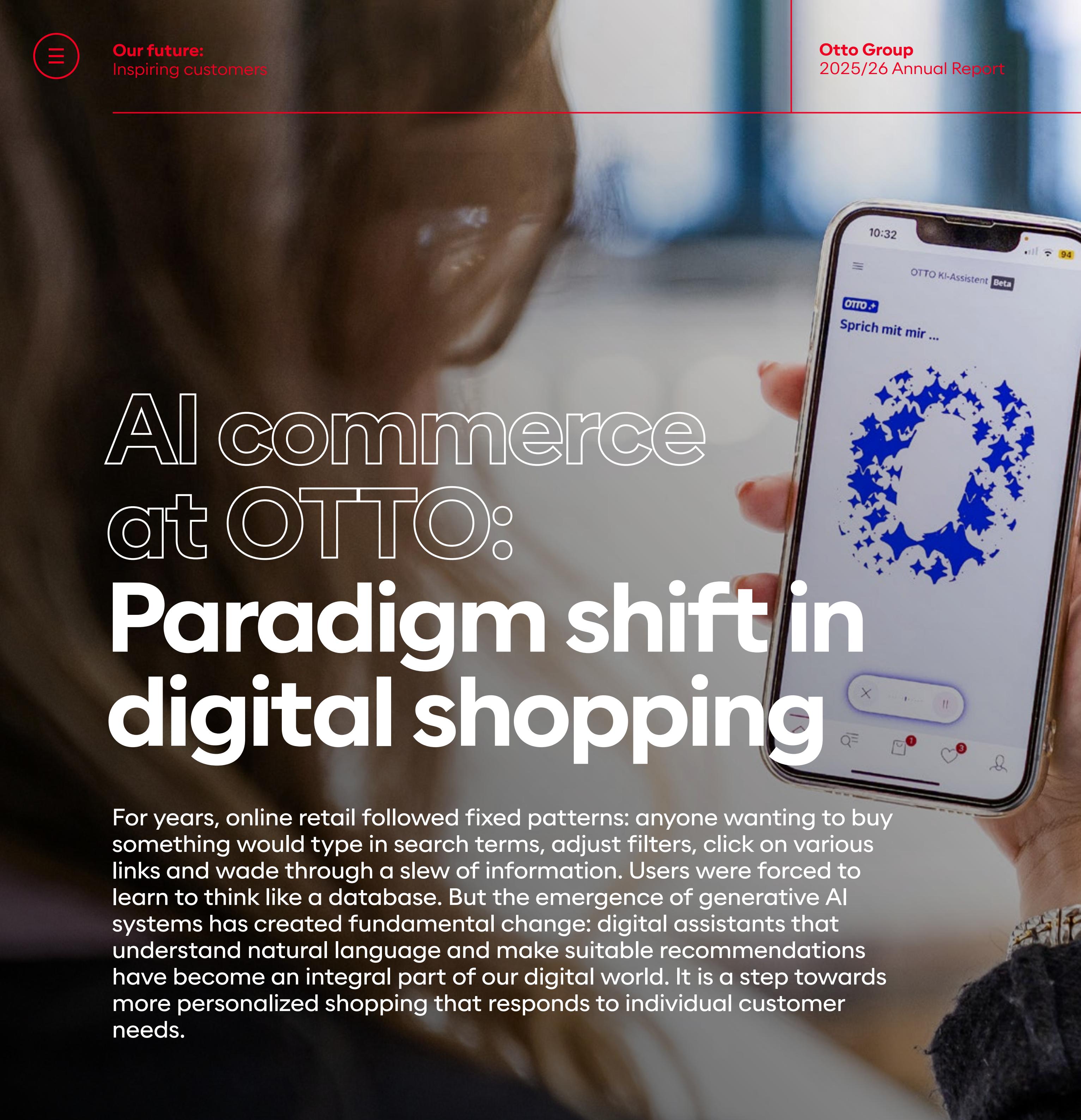
The company is also strengthening its future viability in procurement and technology: diversified procurement markets enable resilient supply chains and shorter delivery times. This is particularly evident in the case of customizable sofas, which customers can configure from over one hundred fabrics and which are manufactured in the USA and delivered in as little as five to seven weeks.

Dovetailing the online and offline segments builds even more customer loyalty. Crate and Barrel Holdings is therefore positioning itself as a pioneer in modern retail and laying the foundation for long-term growth.

The future is scalable

However different their markets and sectors may be, the three companies OTTO, the Eos Group and Crate and Barrel Holdings are resolutely driving scaling, diversification and technological innovation. Their commitment is meaningfully strengthening the resilience and future viability of the entire Group.

There are plans to open over 30 new Crate and Barrel and CB2 locations in the USA and Canada over the next few years.



AI commerce at OTTO: Paradigm shift in digital shopping

For years, online retail followed fixed patterns: anyone wanting to buy something would type in search terms, adjust filters, click on various links and wade through a slew of information. Users were forced to learn to think like a database. But the emergence of generative AI systems has created fundamental change: digital assistants that understand natural language and make suitable recommendations have become an integral part of our digital world. It is a step towards more personalized shopping that responds to individual customer needs.

As Germany's largest online store with 12.6 million active customers and a range of 19 million items, OTTO is actively shaping these developments. By doing so, it will harness the accompanying opportunities and secure a strong position within the competition. With this strategic orientation, the company is an apt example of the investment package in IT, technology and artificial intelligence announced by the Otto Group and hence an important pillar in the Group's forward-looking development.

Fundamental change

OTTO has been using artificial intelligence (AI) for more than 15 years and has integrated the technology into all value streams. The latest technological advances chart the shift towards what is called AI commerce.

This refers to the use of generative AI along the entire customer journey – from inspiration and orientation to advice, the purchasing process and after-sales services, that is, the services and measures that a company provides after the sale of a product or service.

Hi! I need a fridge

I would be happy to help you find the right fridge. First of all, we should clarify how many people live in your household and whether you are looking for a freestanding or built-in refrigerator.

3-4 persons

All right, for 3-4 people I recommend a model with a usable capacity of 250 to 349 liters.

Next, it is important to know whether you are looking for a freestanding fridge or a built-in model. Do you already have a preference?

A freestanding one

All right, for 3-4 people you are looking for a freestanding fridge with a usable capacity of 250 to 349 liters.

To narrow down your selection a little more, it would be good to know whether you are looking for specific features. For example:

Freezer compartment | Freshness zone | NoFrost | Water dispenser | Color

AI is now becoming a connecting link that makes the shopping experiences smarter, more personal and more holistic. OTTO CEO Dr. Boris Ewenstein describes the starting situation: “We are facing a paradigm shift in digital retail. Not only is AI commerce transforming how people search and buy, it is also fundamentally changing the way we gain access to customers. So what does this mean for us at OTTO? We need to rethink customer centricity in a way that is data-driven, dialog-oriented and consistent along the entire customer journey.”

“We are facing a paradigm shift in digital retail.”

Dr. Boris Ewenstein
CEO
OTTO

Smart shopping in practice

AI commerce is not a distant vision of the future, but a development that has already begun. Step by step, functions are being developed that leave classic keyword searches trailing far behind: “Developed in collaboration with Google, our new AI assistant creates a natural, dialog-based shopping experience that for the first time feels like a real conversation – just like in a specialist shop. At the same time, we use a new and proprietary AI solution that reliably resolves issues relating to deliveries, invoices and returns. This is yet another way in which we support customers with service requests. Together, these two assistants make shopping at OTTO more personal, faster and smarter than ever before,” says Boris Ewenstein to describe the new AI assistants that are incorporated into the OTTO app.

Instead of the usual procedure with individual search terms and filters, customers can now describe their concerns with more precise descriptions in natural language to receive advice from AI assistants. The dialog between customers and the AI assistant enables quick support even for products that require a lot of advice, such as a washing machine or refrigerator. The system understands questions and descriptions, asks

A freezer compartment is important

Great, many households consider a freezer compartment indispensable!

I have put together a selection of freestanding fridges for 3-4 people with a freezer compartment.

The Smeg FAB28RDBLM5 fridge comes with an integrated freezer compartment and convection cooling for optimum freshness. Plus, with its retro design, this freestanding appliance is a real eye-catcher.

Are there any other features that are important to you, such as the color, a particular energy efficiency class or a NoFrost function?

"In a commerce environment shaped by AI, it is more important than ever before to be machine-readable."

Frederike Del Castillo
Head of Insights Management
OTTO

questions and guides customers through the selection process.

Product recommendations can then be provided in real time to match individual customer requirements and offer them more certainty in the decision-making process. Interaction with these OTTO AI assistants takes place in the familiar and trusted OTTO environment. The result is a symbiosis of AI-powered innovation with the usual strengths of the OTTO brand.

A strong strategic position moving forward

Developments in AI commerce are transforming AI-powered systems into central access points where customers make their decisions – regardless of whether they visit a platform directly or are guided there by external AI assistants. OTTO is therefore called upon to establish the technological and strategic structures to ensure visibility in these new customer journeys.

At the same time, OTTO is strengthening its own platform as a central touchpoint – for customers to obtain access to advice and services, and for partners to offer their brands and products in a high-quality sales environment, including complementary logistics and payment services.

Frederike Del Castillo, Head of Insights Management at OTTO, explains: "In a commerce environment shaped by AI, it is more important than ever before to be machine-readable. AI systems can only correctly recognize our products and services and include them in their responses if the underlying data is clearly structured and consistent. At the same time, it is important that we continuously strengthen our technical capabilities in order to constantly develop the customer shopping experience on OTTO as a relevant destination."

One thing is clear: technologies, customer behavior and market mechanisms are evolving at a dizzying pace. This is why OTTO's tech and AI strategy is continuously and systematically aligned with the market. We also identify fresh opportunities and realign our priorities as required. By doing so, the company ensures that it not only keeps pace with this paradigm shift but also actively shapes it.

Smart robot coordination with physical AI

What if a warehouse could think for itself – recognizing bottlenecks before they occur and redirecting robots before congestion emerges? The Otto Group aims to make this possible with physical AI and the Robotic Coordination Layer, a proprietary development with smart connectivity that for the first time controls all of the Group's robot fleets in real time. One of the most ambitious automation projects in European retail is gaining momentum.

Logistics is under pressure: Market volatility, increasing complexity and uncertainties in global supply chains – combined with rising customer demands. Conventional automation is unable to cope with these factors. The Otto Group's response is physical AI – artificial intelligence that not only processes data, but also acts, learns and makes decisions in the physical world. This is precisely what makes it the key technology for the future of logistics.

The underlying technological platform is the 'Robotic Coordination Layer': an in-house developed AI-powered control system that creates smart connectivity and for the first time coordinates all of the Group's robot fleets in real time. It enables forward-looking decisions and will make the Group's logistics centers controllable as a unit.

A cross-functional technology ecosystem

To implement the system, the Otto Group is bringing together competencies that are unique in this combination in Europe: Nvidia, the world's leading accelerated computing company, provides the AI infrastructure and simulation environments. Reply, IT specialist and global Nvidia service partner, developed the digital twin, an exact virtual representation of the logistics hubs.

The Otto Group's Supply Chain Management is in charge of the strategic perspective for this supply chain innovation. Hermes Fulfilment, the warehouse and returns logistics provider, adds operational expertise. Otto Group One.O, the Group's own consulting and tech partner, is developing the software layer of the Robotic Coordination Layer and is responsible for its governance. The intellectual property remains entirely with the Otto Group.

"The future of logistics will not hinge on who chooses the most modern technology. Instead, the decisive factor will be who ensures the greatest vertical integration within their business model and uses this to harness a genuine competitive edge. And this is exactly what we are doing: we are combining the most powerful technologies with decades of retail and logistics expertise to develop a solution that is entirely ours. This is not an efficiency project. This is key infrastructure for the future viability of the Otto Group," says Kay Schiebur, Member of the Executive Board Services at the Otto Group.

Pilot location Löhne, Germany. Spot, the mobile robot, created a digital map of the 100,000 square meter logistics site in less than a week. Reply processed this data into a virtual digital twin in the Nvidia Omniverse.

"We are using state-of-the-art technology to create a new, centralized logistics infrastructure. This will strengthen the future viability of the Otto Group."

Kay Schiebur
Member of the Executive Board Services

Pilot location Löhne: simulations with the digital twin deliver initial results

The digital twin maps the entire site with all operating objects in real time. The digital twin (on the left) and the real environment (on the right) are compared here.

The pilot site in Löhne, North Rhine-Westphalia, Germany, is up first. A complete digital map of the Hermes Fulfilment's large-parts logistics center – with its ten halls and 100,000 square meters in total – was produced in under a week. The goal: a digital twin in the Nvidia Omniverse that maps the movements of all robots in real time and enables simulations.

This will permit virtual optimization of the layouts before changes are made in the real warehouse. Bottlenecks become visible before they occur. Various scenarios – for the Christmas business and other situations – are calculated in advance to optimize the deployment of employees and robots.

The vision: a sentient warehouse

The long-term vision is to establish self-controlling, thinking logistics centers under human supervision. Artificial intelligence takes over the data-based coordination of material flows under the supervision of employees. Robots will relieve people of physically strenuous or repetitive tasks so that they can take on more demanding roles.

Technologically, this will be made possible by the 'Intra Logistic Artificial Brain' (iLAB), an AI layer that is based in turn on the Robotic Coordination Layer.

"The iLAB is the brain behind the vision: an AI layer that anticipates as well as coordinates; that continuously optimizes processes instead of just managing them. What we are enabling here represents a quantum leap in intralogistics: a sentient warehouse that places people at the center," says Dr. Stefan Borsutzky, Co-CEO of Otto Group One.O.

The project is part of the medium-term investment of €350 million in IT, technology and artificial intelligence announced for 2025. A clear signal: physical AI is no longer a vision of the future for the Otto Group, but a strategic priority – and the start of a new industry standard in European retail.

"Creative power provides a real competitive edge"

A performance-oriented culture is key to the Otto Group achieving sustainable success in a dynamic market environment. For us, 'performance culture' means establishing clarity about goals, bringing responsibility to where it is needed and fostering a bold approach to making decisions. Above all, however, it means bringing a thirst for creativity to life. After all, we will only manage to build a shared future if people are happy to lead the way – with determination, equity and a focus on our customers. An interview with Katy Roewer, Group Executive Board Member for Finance, Controlling and Human Resources.

Katy, 'performance culture' is among the pivotal goals of the Otto Group strategy. How would you define the term?

At its core, it is about understanding performance as something positive and communal. We want to create an environment in which goals are clear, comprehensible and tangible for everyone – and in which everyone can see the contribution they are making. It is not about control, but about orientation, transparency and effectiveness.

Many people automatically associate performance with excessive pressure. How do you deal with these reservations?

By making clear: it's not about putting in more hours, but about becoming more effective. This happens when employees understand why something is important, what success looks like – and where there is leeway to find good solutions within a clear framework. For managers, in turn, this also means engaging in constant dialog with employees, accepting critical questions and taking concerns seriously. We demystify performance by clearly stating which goals apply and how contributions are made visible.

What specific changes does this produce in everyday working life?

We have embedded goals more firmly in our daily work. We provide stable guidelines and orientation – on three different levels: individually for employees, at team or department level and for the organization as a whole. This three-pronged approach is essential to advancing a strong performance culture. Each individual and the teams must regularly engage in self-reflection: what is going well, where do we need to make adjustments? At the same time, it is important to work steadily on the organization and processes. Different functions require different systems – what matters most is that they are understandable and verifiable.

And how does this affect the expectations placed on employees?

In three ways. First: responsibility for our own actions. Despite all the collaboration, which is of course very important, there is always a need for clear responsibilities. We place greater emphasis on our employees making decisions and taking charge of the areas they can influence. Second: courage. Expressing ideas, including criticism, trying things out, seeing how they develop – courage is a basic requirement for progress. Especially now. Third: feedback. A culture of honest feedback is essential in order to improve together.

What is the role of leadership in this culture?

One thing is certain: people follow people. Leadership creates orientation and allows room for maneuver. We need clarity about goals, roles and priorities – and at the same time managers who eliminate obstacles and encourage decisions. You also need determination in times of uncertainty: act boldly, decide faster. This applies all the more to managers who shoulder greater responsibility. Entrepreneurial thinking and action are essential, especially in the context of leadership. Only then can we improve as an organization. Especially in times of disruptive change, for example in the interaction between humans and machines, or when it comes to seizing opportunities even in crises.

"Courage is a basic requirement for progress."

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

How far has the Otto Group progressed along this path?

We are making noticeable progress because we are working on several areas at the same time: firstly, we are creating a common language that makes clear what constitutes good results and effective contributions. At the same time, clear structures and professional organizational development strengthen our collaboration and make it more efficient – a strong culture produces strong results. And finally, we are continuing to expand our technological base: data and modern tools make us faster and provide a sound basis for decision-making. Nonetheless: it remains a process, not a project. We have to keep reminding ourselves that working actively on our culture is the cornerstone of economic success.

You often emphasize that it's also about creating a 'thirst for creativity'. What do you mean by that?

We want people to feel motivated to move things forward. Creative power provides a real competitive edge – especially when we are undergoing profound transformation. People who shape things also drive innovation, decisions and change. For me, therefore, performance culture is a program to build the future and not a control mechanism.

How would you describe the vision in one sentence?

A strong performance culture means: creating clarity, embracing responsibility and shaping the future courageously. After all, everyone wants to work for a successful company. This requires the right culture. Viewed from an overarching perspective, we want to create an environment in which performance and motivation go hand in hand.

Chronicle 2025 → 26

In an environment of persistent economic and geopolitical uncertainty, the Otto Group remained stable in the 2025/26 financial year. The Group has continued to focus its decisions strictly on profitability and liquidity and by doing so has laid the foundation for resilience and stability. At the same time, targeted investments in technologies that make us more efficient, faster and more customer-oriented, as well as a consistent focus on performance, have ensured the integration of artificial intelligence in virtually all of our value streams. This is enabled by the many colleagues who make these technologies effective and who are shaping the future of the family business, now in its third generation, with courage and entrepreneurial spirit.

MARCH

Petra Scharner-Wolff is the new Chair of the Executive Board and Chief Executive Officer

Petra Scharner-Wolff, Executive Board Member for Finance, Controlling, Human Resources until the end of the 2024/25 financial year, is appointed the new CEO of the Otto Group with effect from 1 March 2025. She succeeds Alexander Birken, who is stepping down from his position as CEO and will take over from Prof. Dr. Michael Otto as Chair of the Supervisory Board of the Otto Group. Petra Scharner-Wolff's successor and new CFO of the Otto Group is Katy Roewer, previously Head of Service, Human Resources and Finance at OTTO.

OTTO brings back its legendary claim

'Find ich gut' ('I like that') is staging a comeback as the central claim in OTTO's spring campaign. It emphasizes quality, curated selection and services. Creative commercials are used to emphasize OTTO's USPs such as set-up service, top brand variety and the 100-day payment extension.

APRIL

Bonprix launches a Circular Collection with digital product pass

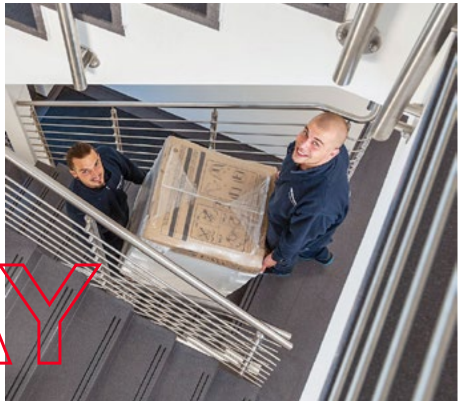
Bonprix presents the fifth Circular Collection, setting a strong example for circularity and transparency. The new digital product passport is front and center: a QR code opens a website with information on the material, production, care and return of the products. Customers can therefore learn how items can be made more durable and how they can be recycled or reused at the end of their life. The collection is part of the Implementing Circularity in the Textile Industry initiative and supports the further development of circular solutions in the textile industry.

Impossible Founders: Startup funding in Hamburg

The Otto Group plays a central role in the Impossible Founders initiative, which aims to transform Hamburg into an urban center for deep tech. Over €50 million will be made available to promote startups in collaboration with foundations and the scientific and business communities. The Otto Group is contributing financial resources and ideas. The aim is to establish Hamburg as a leading location for deep tech and green technologies and to support international innovations from the scientific community. Moreover, the Otto Group is continuing to drive innovative startup activities through its venture investments Headline, Revent and Project A, as well as through the Group's own venture client unit OTTO Dock 6. The aim here is to nurture the transfer of expertise and transform ideas into tangible value creation.

Revent issues its second fund for European tech startups

Revent, the specialist venture capital fund, announces the final close of its second fund, totaling €100 million. The aim is to provide targeted support to European tech startups that are developing solutions for a healthier and more resilient future. Investors include Benjamin Otto, Janina Lin Otto and the Otto Group. With this investment, the Otto Group is adding to its long-standing corporate venturing activities.



MAY

‘Free delivery to the place of use’: highly relevant when ordering bulky goods

A study by Hermes Einrichtungs Service reveals: the option for ‘free delivery to the place of use’ is a clincher for customers when ordering bulky goods such as furniture and electrical appliances. Around half of the respondents would switch providers if this option were not available. According to the study, ‘free curbside delivery’’ performs significantly worse. Additional services such as packaging disposal or the collection of old appliances are also in particularly high demand. Hermes Einrichtungs Service offers precisely these services and is therefore Germany's market leader in two-man handling.

Witt Group develops innovative material flow controller

The Witt Group has received a government research grant for the development of an upstream material flow controller (MMFC). The government funding program is therefore rewarding the progress made by the Group company in the area of research and development. The MMFC uses a routing algorithm that determines the most efficient route for transporting goods to optimize flows in the goods distribution center. Factors such as route distance, system status and specific characteristics are taken into account. This ensures faster and more reliable order processing. The system shortens delivery times, improves product availability and has a direct positive impact on the customer experience.

JUNE

Autonomous robots in Löhne

Hermes Fulfilment is consistently pursuing its chosen path of automating intralogistics processes. At the German logistics center in Löhne – which specializes in the logistics handling of large-volume products weighing more than 31.5 kilograms such as furniture, large electrical appliances, upholstered furniture and mattresses – 25 autonomous mobile robots, known as AMRs, from Austrian manufacturer Melkus Mechatronic are being used for the first time in a pilot project.

They take charge of transporting large pallets of picked goods in the 100,000 square meter facility. Taken together, the AMRs complete around 1,000 transports a day, covering a distance of approximately 30 kilometers in purely arithmetical terms. Once the pilot phase at the Löhne logistics center has been completed, the robot solution will also be rolled out at Hermes Fulfilment's other two-man handling site in Ansbach, Franconia, Germany.

Politics and climate protection in times of multiple crises

At the beginning of June, around 1,600 participants from 110 countries – including high-ranking guests from politics, science, civil society and business – gather at the second Hamburg Sustainability Conference (HSC) to promote the implementation of the 17 United Nations Sustainable Development Goals. The Otto Group is actively involved in the conference at the Chamber of Commerce and uses the opportunity to engage in expert discussions on politics and climate protection in times of crisis. The HSC is a joint initiative of the German Federal Ministry for Economic Cooperation and Development (BMZ), the United Nations Development Program (UNDP), the Michael Otto Stiftung and the Free and Hanseatic City of Hamburg.

JULY

Zalando takes over About You

Zalando SE's takeover of the About You SE shares held by the Otto Group was agreed and, in a further step, a corresponding voluntary public takeover offer was made to all About You shareholders in the 2024/25 financial year. Once the European Commission had granted merger control clearance on 1 July 2025, the actual takeover of the shares took place and the transaction completed with the so-called closing on 11 July. This marked the departure of About You from the Otto Group. The Otto Group has used the investment funds released to continue strengthening its successful corporate portfolio and, in particular, to proceed with scaling OTTO, the strategically relevant brands and the financial services segment.

Otto Group is part of the Made for Germany initiative

Leading companies and investors have joined forces in the cross-industry Made for Germany initiative to promote a sustainable economy in Germany. The Otto Group is part of this initiative, which was officially presented at the Federal Chancellery on 21 July 2026. The initiative supports the measures of the German government's recently adopted reform and investment program, which creates a framework for a future-oriented economic policy. It also sees its role as a point of contact for establishing targeted mechanisms to flesh out and implement key issues and reforms. The aim is to engage in solution-oriented dialogue on key future topics such as digitization, sustainability, innovation, infrastructure and the shortage of skilled workers.

MADE FOR GERMANY

OTTO B.V. discontinues business operations

OTTO B.V. from the Netherland, is discontinuing its business operations due to the challenging economic situation. This is in line with the Otto Group's consistent portfolio management. The originally envisaged retailer alliance between Baur, Otto Group Austria and OTTO B.V. will therefore not take place in this form, but will focus instead on the DACH region in future.

OTTO Paludi cartons win the 2025 German Packaging Award

OTTO has tested shipping cartons with ten percent Paludi biomass and was awarded the prestigious 2025 German Packaging Award in the Sustainability / Material Substitution category. Paludi is obtained from plants such as sedges and rushes that grow in rewetted peatlands. OTTO is a registered member of the Paludi Alliance – a toMOORow initiative launched by the Michael Otto Environmental Foundation, the Michael Succow Foundation and the University of Greifswald. The aim is to revitalize drained moors and ensure their economically viable use.

Bonprix focuses on e-mobility

Bonprix continues to drive the topic of sustainability and, together with SupplyX, a logistics company within the Otto Group, is flying the flag for greener transportation and a more sustainable supply chain. Since 1 July 2025 Bonprix's first electric truck has been on Germany's roads, saving around 46.5 tons of CO_2 per year on its route between Hamburg and Haldensleben compared to a diesel-powered model.

AUGUST

OTTO launches Ambassador Program for GenAI

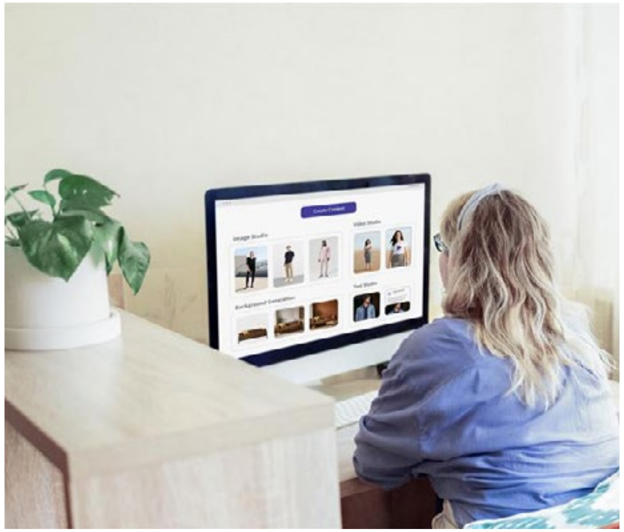
OTTO is training over 150 employees to become AI multipliers as part of its in-house Ambassador Program for generative artificial intelligence (GenAI). Tech newcomers and tech-savvy employees will now receive regular training on how to use generative AI in their day-to-day work and identify potential use cases for the company. After the training, they will act as a bridge to the departments and contribute the skills they have learned about GenAI.

Successful transaction on the promissory note market

The Otto Group has issued promissory note loans with a total volume of €240 million and terms of three, five and seven years as part of a capital market transaction. This brought the final volume significantly above the initial target marketing volume of €100 million. More than 30 national and international investors, primarily savings banks, cooperative banks and foreign commercial banks, subscribed to the tranches on offer, which were priced and placed at the lower end of the marketing range. The funds from the promissory note transaction will be deployed to finance general corporate purposes. The Otto Group has therefore repeated the success of its broadly marketed promissory note transaction following the initial transaction in 2022.

Scaling AI-powered content processes by One.O

Otto Group One.O, the Group's own consulting and tech partner, is driving the scaling of AI-powered content processes: With the 'Movex Virtual Content Creator', One.O is launching a self-service platform that enables the fast and controlled creation of consistent, brand-compliant AI images. Adding to this is the 'Movex AI Content Verifier', which performs automated quality and plausibility checks. It ensures consistency, adherence to brand guidelines and compliance before content is published and creates transparency in accordance with the EU AI Act.



SEPTEMBER

30 years of e-commerce: OTTO celebrates its online anniversary

OTTO celebrates 30 years of e-commerce and looks back on an impressive digital success story. In 1995, the company became one of the first German retailers to go online, laying the foundation for its transformation from catalog mail order company to Germany's largest online store. Today, 12.6 million customers use a range of around 19 million items. OTTO uses the anniversary to direct its gaze into the future: With more than 70 AI solutions already in production and over 100 experts, artificial intelligence is transforming almost every operation. It optimizes processes from logistics to the user experience and will also shape the shopping experience in the future, for example through personalized recommendations and new AI-powered interactivity.

Realignment of logistics sites

The Hermes Fulfilment logistics site in Gernsheim will close on 1 September 2025. Despite extensive efforts, it proved impossible to find economically viable prospects for this location. Although it was pleasing to note the acquisition of new customers, their numbers were insufficient to ensure continued economic operation.

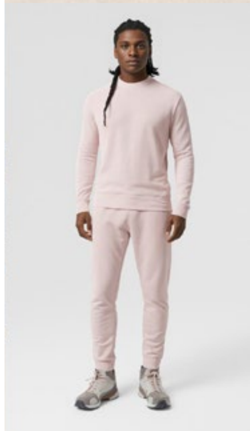
AI-powered unloading robots in logistics

The Otto Group is increasingly building on robotics and AI in its logistics to ease the strain on employees and improve process efficiency. Since September, the AI powered unloading robot Stretch has been helping to remove goods from containers at the German shipping center in Haldensleben, Saxony Anhalt. It recognizes different package sizes, places them precisely on the conveyor belt and in doing so increases the speed and safety of incoming goods.

Using Stretch is part of a strategic partnership with Boston Dynamics and marks an important step in the further development of Group logistics. With its first deployment in a European shipping center, Stretch is an example of how the Otto Group is actively and consistently shaping the future of logistics. Not only does the use of such systems by the Otto Group relieve employees of physically demanding tasks, it also strengthens the future viability of its logistics locations.

Limango launches partnership with Mirakl

Limango is continuing to expand its business model into a platform and is building a partnership with Mirakl, the leading provider of e-commerce software solutions, to further develop the marketplace and retail media technology. The aim is to increase the product range and reach and to benefit more from data-driven advertising opportunities. Limango already offers over one million products from hundreds of verified partners. Mirakl enables more efficient processes, faster retailer integration and a stable foundation for international growth. At the same time, the cooperation will assist with the preparations for Limango's expansion into Poland and the Netherlands. Since August, the UK companies of the Freemans Grattan Group have also been working with Mirakl to modernize and scale their dropship capabilities – the ability to ship products directly to customers via connected suppliers without holding their own stock.



Artificial intelligence replaces model photography at OTTO

OTTO is using generative AI to raise the bar in content creation for e-commerce. Developed by Otto Group One.O, the 'Movex Virtual Content Creator' tool is revolutionizing the creation of fashion images and replacing conventional model photography with AI-generated content. The tool enables OTTO to create model images in high-resolution and photorealistic quality in just a few minutes. This increases daily content output fivefold so that new collections can be placed online within just a few hours.

Automation of image production speeds up processes, conserves resources and reduces production costs by up to 60 percent – while increasing product diversity at the same time. This efficiency gain is crucial in e-commerce in order to respond more quickly to new trends and customer needs.

OCTOBER

Latvia's Prime Minister visits the Otto Group

Prime Minister Evika Siliņa and several representatives of the Republic of Latvia visit the Otto Group Campus in Hamburg-Bramfeld at the end of September. The Latvian delegation uses the opportunity to discuss ideas for potential cooperations and projects with the Honorary Chair of the Supervisory Board of the Otto Group, Prof. Dr. Michael Otto, and CEO Petra Scharner-Wolff. Latvia has a strong digital sector and a vibrant startup culture. It is also among Europe's leading countries in the digitization of public services and in achieving the UN Sustainable Development Goals.

NOVEMBER

Topping-out ceremony for Life Hamburg

Structural completion of the Life Hamburg lighthouse project by Janina Lin Otto and Benjamin Otto is just round the corner. Construction is progressing according to plan and the opening is expected to take place in late summer 2026, so earlier than originally planned. In mid-November, the co-founder couple celebrates the topping-out ceremony together with everyone involved in the building's development and construction as well as 150 guests. The building is slated for completion in a year at the latest. Life Hamburg will become a future-oriented and sustainable campus in the immediate vicinity of the Otto Group campus in Hamburg-Bramfeld. Once open, it will raise the bar in the areas of lifelong learning, intergenerational cooperation and and holistic well-being.

Manufactum opens second location in Austria

The 'Warenhaus der guten Dinge' (department store of fine things) will move into the inspiring premises of Kastner & Öhler's Art Nouveau building in an attractive location in the center of Graz. This strategic decision underlines the conviction that the easy accessibility and lively atmosphere of Graz city center offer ideal conditions for the success of the new location.

Spread over more than 500 square meters, the new department store will stock a wide selection from the Manufactum range – from home textiles, kitchen utensils and garden supplies to office supplies, body care, food and clothing. Manufactum has already been present in Vienna since 2018, and the store in Graz is opening in March 2026.

Otto Group at the EU AI Champions Initiative

The EU AI Champions Initiative (EU AICI) presents 18 new strategic AI partnerships and investment agreements as part of the Franco-German Summit on Digital Sovereignty in Berlin, Germany. The Otto Group and OTTO are part of the EU AICI, which was launched in February 2025 at the Élysée Palace during the AI Action Summit in Paris. The EU AICI aims to drive productivity and value creation in Europe and to unlock Europe's AI potential by bringing together leading companies and pioneering AI startups.

CEO Petra Scharner-Wolff and Dr. Boris Ewenstein, former OTTO board member and current CEO, took part in a high-level roundtable. Participants included German Chancellor Friedrich Merz, French President Emmanuel Macron, Federal Minister for Digital Transformation and Government Modernization Karsten Wildberger, French Minister of the Economy, Finance and Industrial and Energy Sovereignty Roland Lescure, French Minister Delegate for Artificial Intelligence and Digital Affairs Anne Le Hénanff and French Minister Delegate for Civil Service and State Reform David Amiel.

Crate and Barrel Holdings continues to grow

Crate and Barrel Holdings is driving its expansion in the USA and has announced several new locations. A 20,000 square meter showroom will be built in The Shops at La Cantera shopping mall in San Antonio by summer 2026. At the same time, the company is taking over a former Market by Macy's space in Southlake, Dallas, and developing it into an almost 19,000 square meter store, which is also slated to open in summer 2026. What is more, the brand is cementing its brick-and-mortar presence by opening a store in Charlotte, North Carolina, which will expand its network of outlets in the home & living segment. These projects underline the Group's announced growth ambitions.

DECEMBER

SupplyX opens in Rotterdam

SupplyX, the Otto Group's specialist for digital supply chain management and international logistics solutions, is continuing its European growth strategy with the opening of a new location in the greater Rotterdam area. With its new presence in the Netherlands, SupplyX is strengthening its position in one of Europe's most important logistics hubs.

Eos Group receives outstanding ESG rating and Ecovadis Gold Medal

The Eos Group is awarded a gold medal and an outstanding ESG rating by the Ecovadis rating agency. Following last year's Bronze Medal, this award underlines the company's continuous progress and increased commitment to environmental, social and governance (ESG) initiatives. According to Ecovadis, this places Eos in the top five percent of the world's most sustainable companies and the top three percent in its sector (collection and credit agencies). The rating applies to Eos Holding GmbH but extends to the group as a whole.

Baur Group sells BFS Baur Fulfillment Solutions

The Baur Group sells its e-commerce service provider BFS Baur Fulfillment Solutions GmbH to the established customer service provider Walter Services GmbH. With the sale, the Baur Group has achieved an important goal for its former subsidiary: a positive outlook for the future in an increasingly challenging market environment. The company was forced to close its locations due to the withdrawal of an important BFS logistics customer. With the acquisition, Walter Services GmbH also takes over all BFS contracts with existing clients, which will secure additional order volumes. All employees working there at that time will retain their jobs.

JANUARY

Otto Group reacquires all shares in Hermes Germany

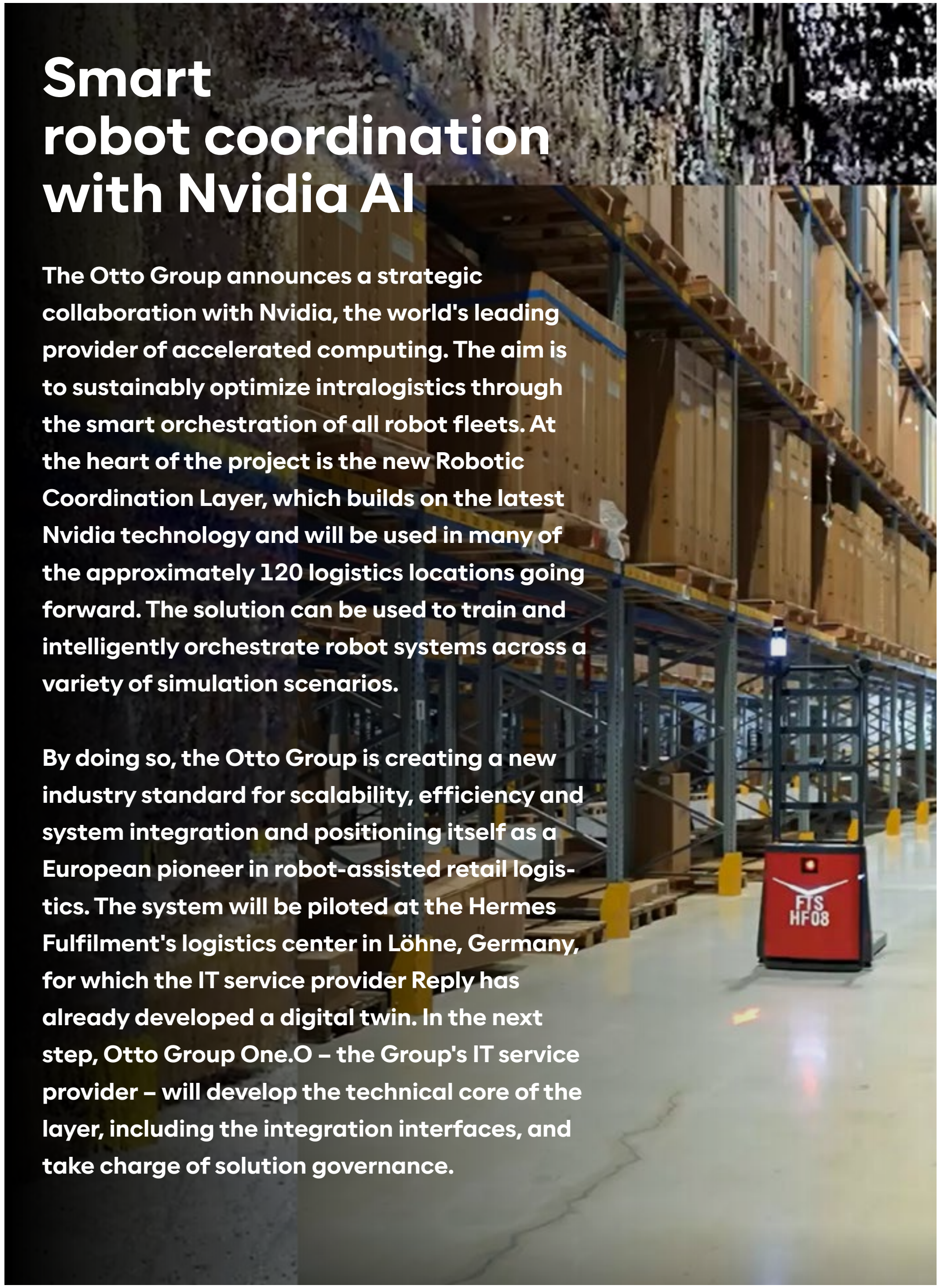
The Otto Group acquires all shares in Hermes Germany and returns the company to the consolidated group, effective 1 January 2026. Private equity investor Advent International had owned 25 percent of Hermes Germany since the end of 2020. Building on trusting partnership, Hermes Germany has developed successfully over the past five years, so that the next important steps can now be implemented independently. Both parties therefore signed an agreement in November 2025, detailing the Otto Group's share buyback by the end of the year.

OTTO launches its own home & living brand

OTTO is expanding its rapidly growing home & living range with its new own brand ‘OTTO home’. The company is therefore bundling furniture, home textiles, decoration and accessories under a clear and immediately accessible brand that blends quality and modern design with attractive prices. The products range from basics such as towels to furniture and lighting and reflect current living trends. Families in particular should benefit from reliable quality and a wide range of prices. Rounding off the program are services such as home delivery, assembly and flexible financing. OTTO home is available exclusively at otto.de and in the app.

Strategic alliance for data sovereignty

Digitization of the retail sector builds on a sovereign foundation: Epiriecom, the Baur Group’s own platform provider, the cloud provider Stackit and the IT service provider Adesso launch a German end-to-end solution for e-commerce. The new ecosystem guarantees online retailers data sovereignty in accordance with European legal standards and hence provides a turnkey alternative to international hyperscalers. Drawing on products that are developed, hosted and operated entirely in Germany, the three partners ensure maximum data sovereignty. A feature that only a few comparable providers can offer at present. The package combines the software suites from the three technology companies and integrates them into a seamless end-to-end solution.



Smart robot coordination with Nvidia AI

The Otto Group announces a strategic collaboration with Nvidia, the world's leading provider of accelerated computing. The aim is to sustainably optimize intralogistics through the smart orchestration of all robot fleets. At the heart of the project is the new Robotic Coordination Layer, which builds on the latest Nvidia technology and will be used in many of the approximately 120 logistics locations going forward. The solution can be used to train and intelligently orchestrate robot systems across a variety of simulation scenarios.

By doing so, the Otto Group is creating a new industry standard for scalability, efficiency and system integration and positioning itself as a European pioneer in robot-assisted retail logistics. The system will be piloted at the Hermes Fulfilment's logistics center in Löhne, Germany, for which the IT service provider Reply has already developed a digital twin. In the next step, Otto Group One.O – the Group's IT service provider – will develop the technical core of the layer, including the integration interfaces, and take charge of solution governance.

AI Ninjas deliver AI power for in-house teams

The AI Ninjas, an internal team of dedicated trainees, are now supporting departments at OTTO, Otto Group Holding, Otto Payments and Otto Group One.O with practical, free AI and automation solutions. They are intended to increase efficiency, nurture young talent and deepen AI expertise within the organization. The AI Ninjas take charge of designing, developing, testing and implementing AI and automation solutions that are specifically tailored to the needs of the respective specialist area. The projects are an initiative of Tech Strategy from Otto Group Holding and focus on Microsoft 365 Copilot, Power Automate and ogGPT, the Otto Group's own data protection-compliant AI assistant.

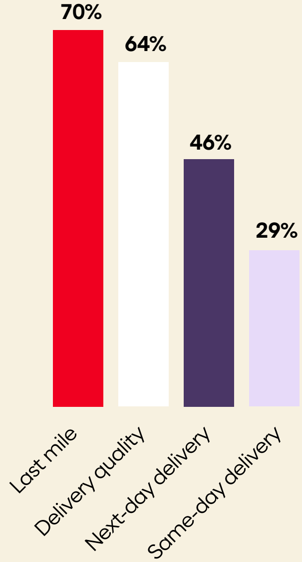
FEBRUARY

Delivery in transition

Quality, predictability and customer proximity are becoming increasingly important in delivery logistics. This is shown by the HES Compass from Hermes Einrichtungs Service, which surveyed 150 logistics managers from consumer-related sectors. The results are clear: the last mile is increasingly seen as a service that profoundly influences customer satisfaction and brand perception. 70 percent see it as crucial for the brand experience, while 64 percent rate delivery quality as more important than delivery speed alone.

At the same time, this does remain a relevant aspect: 46 percent of participants see next-day delivery as an important trend. However, the findings reveal that speed becomes particularly important when combined with predictability. Same-day delivery, on the other hand, plays a less important role with a 29 percent approval rating.

Digital transparency is also important. Companies benefit twofold from digitization of the last mile: it contributes to efficiency on the one hand and improves coordination with the recipients on the other. For example, 60 percent of respondents confirm that precise shipment tracking reduces the need for additional delivery options such as after-hours or Saturday service.



Change on the Executive Board in the areas of brands and retail

Sergio Bucher, Member of the Executive Board, Brands and Retail, steps down from his position at the end of February for reasons of age. Going forward, he will share his expertise as a member of the Supervisory Board of the Otto Group. He is succeeded by Dr. Philipp Andrée, former COO of the Douglas Group, who joins the Otto Group Executive Board on 1 April 2026.

Otto Group joins Smart Freight Center

By becoming a member of the Smart Freight Centre (SFC), the Otto Group is strengthening its commitment to climate protection and focusing on data-driven optimization of its supply chains in the area of transport. The aim is to continue reducing CO_2 emissions in line with the science-based climate targets (SBT) and actively drive decarbonization as a pioneer in the retail sector.

SFC is an international non-profit organization dedicated to standardizing emission calculations and reporting, as well as to developing and implementing cooperative solutions in goods transport. It pursues the vision of an emission-free global logistics sector by 2050 at the latest, in line with the 1.5 degree target of the Paris Climate Agreement.

Benjamin Otto assumes main responsibility

Benjamin Otto assumes main responsibilty of the Otto Group on 1 March 2026. The experienced entrepreneur and impact investor becomes Chair of the Foundation Board of the Michael Otto Stiftung, which holds the majority of shares in the Otto Group. At the same time, he is appointed Chair of the Shareholders' Council, which will define and monitor the Group's strategic goals going forward. Following an assiduously prepared generational change, the successful era of Prof. Dr. Michael Otto ends on 28 February 2026.

Sustainability

General disclosures

The economy is there to benefit people – not the other way round. This mindset and strong awareness it engenders for social responsibility are among the hallmarks of the Otto Group. The Group is convinced that a holistic understanding of responsibility will strengthen economic success in the long term. For this reason, an entrepreneurial mindset in which social, ecological and economic aspects are viewed as equals is enshrined within the strategy at all levels of the Otto Group. The Group has embraced the aspiration to reconcile sustainability and economic success along the entire value chain and to evaluate business decisions with regard to potential impacts on the environment, people and society. This sense of responsibility is reflected in all areas of activity, from supply chain requirements and strict commitment to doing business globally in accordance with human rights to efforts to protect the environment and the climate. One of the success factors of the Otto Group is its employees. Their wide range of skills, their experience, their capabilities, and their commitment form the basis for the Group's further development.

Basis for preparation

Sustainability management in the Otto Group comprises three levels with different scopes for the Group companies. Legal requirements and the Otto Group Sustainability Standards are authoritative for all Group companies. The latter include all requirements documents that apply within the Otto Group concerning sustainability-related topics, including, for example, Group policies. All Group companies in which the Otto Group directly or indirectly holds 50 % or more of the voting rights, or over which it is able to exercise a controlling influence, are included in the scope of requirements. In addition, the Otto Group's Sustainability Strategy pursues ambitious targets in the areas of Environment and Human Rights. The Sustainability Strategy applies to Group companies with the greatest impact on human rights or environmental issues along the entire value chain. These impact Group companies are OTTO, the bonprix Group, the Witt Group, the Crate and Barrel Group and Hermes Germany GmbH.

Metrics presented in the following section refer to the Otto Group's 2025/26 financial year, which begins in March and ends in February. The obligation to release full reporting according to the Corporate Sustainability Reporting Directive (CSRD) will not apply to the Otto Group until the 2027/28 financial year. This annual report by the Otto Group does not yet voluntarily implement full compliance with the requirements of the European Sustainability Reporting Standards (ESRS) due to the high level of regulatory uncertainty, but it will approach the structure and future reporting requirements of the ESRS starting from this year. To this end, selected content and performance indicators are described for the ESRS topic areas in which the Otto Group materiality analysis has identified the greatest impacts: General disclosures, climate change, resource use and circular economy, own workforce and workforce in the value chain.

Governance

Sustainability committees

Sustainability is comprehensively integrated into the business activities of the Otto Group and anchored at the highest strategic planning level. The Group Executive Board bears overall responsibility for the Otto Group's Sustainability Strategy. It is responsible for ensuring that sustainability aspects are given adequate consideration in the Group's landmark decisions and become integral elements of the Otto Group's management and processes. Relevant topics are routinely included on the agenda for the Executive Board's discussion and decision-making formats.

Sustainability within the Otto Group is managed by the Corporate Responsibility department. It reports directly to Petra Scharner-Wolff, CEO of the Otto Group. The department also advises both the CR Board and the Group Executive Board. The department consists of experts in the fields of "Strategy, Communication and Processes", "Technology", "Human Rights and Responsible Supply Chain", "Climate and Ecology" and "Materials and Circularity". By defining binding Otto Group Sustainability Standards, the department creates an action framework that exceeds the legal requirements. Also included in the department's remit is the further development of, and reporting on, the overarching Sustainability Strategy.

To this end, the department works closely with other departments such as the Legal department, the Finance department, Risk Management or Corporate Communications. The department acts furthermore as an interface between the Executive Board and the CR departments of the individual Group companies.

For implementation, each of the relevant Group companies has assembled an interdisciplinary CR team, comprising a Sustainability Officer and experts for the individual focus topics within the scope of the Sustainability Strategy. The teams are tasked with advancing the sustainability topics and establishing synergies within the Group. They regularly share information with their respective Management Boards which are responsible for adherence to compliance requirements and implementation of the Sustainability Strategy in their companies.

The Group-wide exchange of best practices and networking of experts and interested employees in the Otto Group are some of the key success factors underpinning the Sustainability Strategy. Within the focus topics the colleagues responsible for CR and experts at the Group companies and Otto Group Holding gather regularly in expert circles to discuss the achievement of targets within their remits, share thoughts on new ambitions and ideas and develop and implement suitable measures.

The CR Board is the central decision-making board that has been tasked by the Executive Board with developing CR management in the Group. It consists of representatives from important companies within the Otto Group and adopts the perspective of the Otto Group without neglecting the views of the Group companies themselves.

Led by the Chair of the Otto Group Executive Board, the CR Board is mandated with defining overarching sustainability targets for the Otto Group within the framework of the Sustainability Strategy, adopting individual targets and measures for the Group companies, and continuously monitoring the achievement of targets. The CR Board advises the Executive Board on far-reaching decisions, including basic adjustments to the Sustainability Strategy or decisions that involve significant investments or have a significant impact on the business models of Group companies.

HR committees

The Human Resources Strategy is managed by the Corporate Human Resources (Corporate HR) department of Otto Group Holding in close cooperation with the Executive Board, in particular Katy Roewer as Group Executive Board Member for Finance, Controlling and Human Resources, as well as the Heads of HR and management teams of the Group companies. Corporate HR therefore operates on the interface between HR departments, the Executive Board and central governance bodies. In the course of the corporate accretion, Otto GmbH & Co. KGaA became the legal successor to Otto GmbH & Co. KG, without any changes to the operational structures. Otto GmbH & Co. KGaA also has a Supervisory Board with equal representation. The corporate accretion also created a new HR body: the HR Committee in the Shareholders' Council, which adds to the established governance structures. Meetings of the HR Committee are held twice yearly.

Regular Group-wide dialog in various committee formats is a key success factor in the governance structure. The central committee is the HR Board, in which the Heads of HR of the largest Group companies jointly set priorities and ensure the progress of relevant projects at the beginning of each financial year. Monthly HR Board meetings make certain that the measures are up to date and effective. The solutions developed by the HR Board are circulated to the other Group companies via the regular Conference of Heads of HR. An annual meeting between the Conference of Heads of HR and the Group Works Council is firmly established. Strategic HR topics are implemented by the HR departments of the Group companies. This combines a Group-wide strategic focus with maximum flexibility for implementation at local level.

Incentivization

The annual variable remuneration paid to members of the Group Executive Board has been linked to the achievement of sustainability targets since the 2014/15 financial year. Since 2022/23, this has also applied to the Management Boards of the Group companies OTTO, the bonprix Group, the Witt Group and Hermes Germany GmbH. Incentives for Otto Group Executive Board members take into account selected performance indicators from the Sustainability Strategy. Incentivization in the 2025/26 financial year includes achieving the following targets: The "near-term science-based target sub-target 3", "Preferred Fibers" and the topic of "Safe Work Environment" in the upstream supply chain. As a rule, the same performance indicators are used to incentivize the Managing Directors at Group company level, taking into account the different business models. The specific incentive target values for the Otto Group and the Group companies are first developed by the Sustainability Officers and experts from the Group companies and Otto Group Holding in a joint planning process and then approved annually by the CR Board.

Depending on the company's specific strategy, incentives for Managing Directors of Group companies can be based either alternatively or additionally on targets that apply to the company's own employees. The link between remuneration and sustainability targets encourages consistent implementation of the strategic claim.

Strategy, business model and value chain

The Otto Group is a global digital retail and services group that divides its business activities into various strategic business areas.

The Otto Group's trading activities, which constitute a relevant part of the operating business activities, are conducted in the Platforms, Brand Concepts and Retailers segments. The trading activities include assortments such as fashion, shoes and lifestyle products, furniture and home accessories, toys, consumer electronics, sports, and leisure products plus DIY assortments for renovations and gardening. The primary sales channels are e-commerce, brick-and-mortar retail, and catalog. The Otto Group sources various products for its trading activities from a large number of countries. Here, it does not own any facilities, but works with business partners (that is, suppliers) who in turn place orders with various facilities. Based on the final production facilities for own and licensed brands, the main sourcing countries for the Otto Group are China, India, and Turkey.

The e-commerce platform OTTO in particular shapes the Platform segment. Aside from its own trading business, the strategic focus in this regard is on operating a marketplace solution which participating partners use to sell goods and services to end customers. Ancillary B2B services related to the trading business are provided as well.

The Brand Concepts segment comprises vertical concepts and product brands represented at international level. These include, in particular, the bonprix, Crate and Barrel and Witt Groups, which sell products from their own brands as well as licensed brands to end customers. The company mainly uses its own sales channels for this, along with e-commerce, brick-and-mortar retail and catalogs.

The Retailer segment consists of multichannel retail concepts that primarily buy and sell products of their own and third-party brands. This segment includes the retail activities of the Baur Group and shopping programs from the Limango Group as well as the Manufactum Group. In this segment, e-commerce is also a focal point in the sales channels.

The Services segment mainly comprises the extensive logistics services of the Hermes Group and the sourcing of the Otto International Group. These sub-groups deliver services both to customers outside the Otto Group and to Group companies from the Platforms, Brand Concepts and Retailers segments. Dominating this segment is the Hermes Group, which offers numerous services along the logistics supply chain – from transport out of the countries of origin to customs clearance and warehousing to deliveries to private and business customers. In the Hermes Group, the Hermes Fulfilment Group plays a key role in the Otto Group's trading activities with its warehousing activities. It operates various sites in Germany, Poland, the Czech Republic, Italy and Switzerland.

The portfolio is rounded off by the Financial Services segment, in which the EOS Group, as an expert in receivables management, offers a wide portfolio of services, in particular the tech-based processing of non-performing receivables.

Stages of the value chain

The value chain of the Otto Group's business areas can be divided into three stages: the upstream value chain, own operations and the downstream value chain.

The upstream value chain comprises the extraction and processing of resources required for the manufacture of goods, as well as all further refinement and production processes through to the finished product. Textiles, furniture and electronics are the most relevant assortments for retail activities. Using textiles as an example, the Otto Group looks at the cultivation of raw materials, the manufacture of yarns and textiles, dyeing processes and the final production process of the product such as cutting and sewing. What is more, the Otto Group also considers the transportation of goods to its own locations.

Own operations comprise all activities that fall within the remit of the company's own employees or are performed at its own locations. They are limited to commercial trading processes and supportive functions, which are covered by the Services and Financial Services business areas, for example. Relevant activities include the logistics warehousing activities in the Services business area.

The downstream value chain includes transportation and, in particular, the use phase of products and services. Included in this, for example, is electricity consumption resulting from the operation of electrical products.

In dialog with stakeholders

The Otto Group is involved in various initiatives, remains in regular contact with its stakeholders and collaborates on strategic, long-term sustainability issues with selected partners from business, government and civil society. Its most important stakeholders include the following groups:

Customers

With their consumption decisions, customers have a critical impact on the success and future orientation of the Otto Group's business models. Drawing on regular "Customer Insights", the Group continuously seeks to understand the wishes and needs of its customers and deliver suitable incentives for more sustainable consumption.

Employees

The Otto Group's employees are the driving force behind its own sustainability activities. They are therefore supported by the Group in their efforts to build and expand on their knowledge in the area of sustainability, also during onboarding and via digital learning platforms. In addition, knowledge and exchange formats create scope for employees to further develop their knowledge and ideas for more sustainability and actively bring them to life. The Otto Group also remains in dialog with the various employee representatives – including the works councils at the locations – in order to shape working conditions within a collaborative framework. Intensive dialog takes place with the Group Works Council and the Supervisory Board committees at Group level.

Business partners

Only in close collaboration with their business partners can the Otto Group overcome social and environmental challenges and achieve measurable improvements for people and the environment. Their guidelines for ethical and ecological production conditions are integral to the business relationships and are communicated to business partners in online training courses. Social audits, surveys and (anonymous) whistleblower systems help to better understand production conditions of own and licensed brands and derive effective measures.

Experts

The Otto Group collaborates with partners and experts in the business and scientific communities as well as government and civil society on strategic, long-term sustainability issues. These include non-governmental organizations and market players as well as innovative start-ups and universities. The complex, systematic challenges of the sustainability transformation can only be overcome collectively.

Government

Sustainable business models can only be successful in the long term if there is a regulatory "level playing field". The Otto Group works with international institutions and national governments to maintain momentum across the industry. For example, the Group supported the development of a circularity roadmap for the German government and participated in consultation on the ESRS guidelines.

Financial markets

The Otto Group relies on its principal banks for financing and the issue of financial instruments to capital market investors. The Otto Group remains in regular dialog with its banks on sustainability issues and meets the information needs of the financial market through transparent reporting. Financial markets are also keen to invest in economically and socially sustainable companies. This is in line with the Otto Group's Human Resources Strategy, which perceives social partnership as an important part of corporate responsibility.

Community and partner networks

The conviction that the economy should serve society has been shaping the Otto Group for decades. In its core business and beyond, the Group aims to achieve a positive impact on the communities around its own sites and along the value chain. With this in mind, the Otto Group engages with its stakeholders in events, training courses, surveys and background discussions, and organizes numerous initiatives aimed at addressing social challenges. The Group is also committed to environmental and human rights issues and cooperates with charitable organizations. Among the key initiatives are the Michael Otto Foundation for Environmental Protection, which was founded by Michael Otto in 1993, the Aid by Trade Foundation with its initiatives Cotton made in Africa and The Good Cashmere Standard®, Stiftung KlimaWirtschaft and the Michael Otto Foundation for Sustainability. Pioneering initiatives by the Michael Otto Environmental Foundation include the AQUA-AGENTEN educational program for primary school pupils, the F.R.A.N.Z. initiative in cooperation with the German Farmers' Association to combine agriculture and nature conservation, and the toMOORow peatland protection project. Furthermore, the Otto Group is a signatory of the International Accord for Health and Safety in the Textile and Garment Industry, which has adopted a workplace safety agreement for both Bangladesh and Pakistan. The Otto Group was one of the first signatories of the Pakistan Accord.

Furthermore, the system of collective bargaining autonomy is of great importance to the Otto Group. For this reason, the group is deeply involved in various industry and employer associations, first and foremost in the decision-making bodies of the German Retail Association. It maintains regular dialog on working conditions with internal employee committees and also with external institutions, in particular with trade unions (ver.di).

Selected memberships, initiatives and partnerships

- B.A.U.M. e.V. – Network for Sustainable Business (member since 1987)
- Michael Otto Foundation for Environmental Protection (established in 1993) with its AQUA-AGENTEN, F.R.A.N.Z., and toMOORow projects (partner since 2021)
- amfori, (incl. amfori BSCI, Business Social Compliance Initiative) (founding member since 2004)
- Aid by Trade Foundation with its Cotton made in Africa initiative (CmiA) and The Good Cashmere Standard® (GCS) (founding member since 2005)
- Textile Exchange (member since 2006)
- Forest Stewardship Council Germany, FSC® (member since 2006)
- German Retail Federation, HDE (member since 2009)
- Stiftung KlimaWirtschaft (initiated by Prof. Dr. Michael Otto and membership since 2011)
- International Accord for Health and Safety in the Textile and Garment Industry Bangladesh & Pakistan (signatory since 2013 and 2023)
- Fur Free Retailer, program run by the organization Vier Pfoten (member since 2014)

- Dialogue and Impact for Sustainable Textiles (formerly Alliance for Sustainable Textiles, BNT) (member since 2015)
- CDR initiative of the Federal Ministry of Justice and Consumer Protection, BMJV (founding member since its inception in 2018)
- Fashion for Good (member since 2018)
- Cascale (member since 2018)
- Finlit Foundation (founded in 2019)
- ZukunftsWerte initiative (initiation and member since 2020)
- Save the Children (partner since 2020)
- Leather Working Group (member since 2022)
- Science Based Targets Initiative, SBTi (committed since 2022)
- Michael Otto Foundation for Sustainability (founded in 2023)
- Federal Association for Sustainable Economy e. V. (Member since 2025)

Management of impacts, risks and opportunities

Sustainability management builds on a materiality analysis that was last updated in 2025 based on the ESRS requirements from 2023 that were valid at the time of implementation. For the 2026/27 financial year, the Otto Group is working on updating the materiality analysis on the basis of the revised ESRS requirements. Results of the materiality analysis are incorporated into preparations for compliance with the CSRD reporting obligation and lay the foundation for the Sustainability Strategy. It addresses the issues in which the Otto Group has identified the greatest negative impact of its business activities on people and the environment, as well as the associated opportunities and risks for the Group.

Basis of the materiality analysis

The materiality analysis builds on the Otto Group's strategic business areas: Platforms, Brand Concepts, Retailers, Services, Financial Services and the operating segment of Digital Health – which is not subject to reporting obligations – and Other Activities. In order to enable an analysis for the entire Otto Group and to achieve results that serve as a basis for reaching decisions on actions, the Group's own impacts, risks and opportunities (IROs) are analyzed at the level of the individual business areas and then aggregated for the entire Otto Group.

The Otto Group's retail activities, which form the core of the Otto Group's business, are operated in the Platforms, Brand Concepts and Retailers segments. For these strategic business areas, the analysis is divided into three sections of the value chain: the upstream value chain, own operations and the downstream value chain – in particular for the utilization phase of products and services. The company's own impacts, risks and opportunities within these areas are then analyzed. All impacts that relate to the environment and human rights and result from the resources and activities required for fulfilment within the business areas are taken into account – from the cultivation of raw materials to the products' end-of-life.

The Otto Group's business areas are diverse and include different processes and activities in the respective stages of the value chain, each of which is associated with different impacts or opportunities and risks. At the heart of the Otto Group are the retail activities involving products for end customers in the Retailers, Platforms and Brand Concepts business areas, which include the most relevant assortments of textiles, furniture and electronics.

The Otto Group sources products for its trading activities from a large number of countries. It does not own any final production facilities, but works with business partners who in turn place orders with various final production facilities. These business partners, their final production facilities and all upstream processes, such as the cultivation of cotton, are located in the upstream value chain.

In the Services business area, the Otto Group considers, for example, the production of external packaging and the utilization of subcontractors for the provision of services.

As part of its own operations, the Otto Group analyzes all activities carried out by its own employees and its own locations that are necessary for fulfilment of the requirements within this business area. This includes own and rented office space, the use of retail space, own vehicle fleet, energy emissions from offices and servers as well as the operation of the company's own fulfilment centers and distribution logistics with its own vehicles and drivers.

The downstream value chain includes all activities that take place in the ongoing life cycle of the goods and services. This includes, for example, the energy consumption of electronic products, the washing of textiles and the disposal of products, including their packaging, at the end of their life cycle.

All activities have positive and negative impacts on the environment or human rights, which the Otto Group assesses as part of its impact materiality. In accordance with the ESRS requirements, the individual impacts are assessed in the categories of scale, scope and irremediability and likelihood of occurrence. There are also financial risks and opportunities that affect the Otto Group and are assessed as part of financial materiality. All risks and opportunities are assessed on the basis of their expected severity and likelihood of occurrence. The thematic structure of the IROs is based on the list of ESRS topics. The Otto Group has not identified any other company-specific IROs that cannot be assigned to the list of ESRS topics.

After assessment of all IROs, a materiality threshold was defined that makes it possible to understand the Otto Group's impact with regard to ESG aspects without excluding material aspects. This yields material, reportable topics, as well as non-material, non-reportable topics.

Implementation of the materiality analysis

The following stakeholder groups are potentially affected by the Otto Group's activities: The company's own workforce, workers along the value chain, suppliers and producers, consumers and end users, local communities and vulnerable groups. Moreover, nature was identified as a silent stakeholder as well as capital providers, banks, insurance companies, authorities and regulatory bodies from the perspective of financial materiality.

Assessment of the IROs was divided into two sections based on the Otto Group's materiality analysis, which is derived from the combination of the strategic business areas, their stages in the value chain and the list of ESRS topics. In the first step, the IROs were identified on the basis of the ESRS requirements and subjected to a thorough preliminary assessment. Reliable input sources from the Otto Group were used for in this context, including the human rights risk analysis, carbon accounting, the Group-wide risk management system and other available analyses of the Group's own environmental impact. Also included was the specialist knowledge of internal CR experts and of Systain Consulting GmbH, which are in constant contact with the relevant stakeholders in their daily work.

The second step involved validation workshops to reach a final evaluation. Based on their respective roles and expertise, participants in the workshops are qualified to identify with and evaluate the perspective of affected stakeholders. They contribute their experience and knowledge acquired through decentralized activities such as the management of complaint channels, audit data from the final production facilities or expertise in the environmental field.

Results of the materiality analysis

Material environmental and social issues for the Otto Group are present in all three sections of the value chain. But clear priorities are identifiable in the upstream and downstream value chain.

Environmental impacts in the upstream and downstream value chain are present in particular in the areas of resource use and circular economy as well as greenhouse gas (GHG) emissions. Material impacts occur especially during the manufacture (e.g. energy consumption during production in business partners' facilities) and use (e.g. energy consumption of electronic products by customers) of the merchandise sold by the Otto Group.

Another focus of the Group's impact lies in human rights within the upstream supply chain. Here, too, the impacts are concentrated on the manufacturing of merchandise in the production countries.

In addition, material impacts were identified at our locations in the area of our own employees, in the field of business conduct and in the areas of circularity, resource use and GHG emissions.

Besides the impacts of the Otto Group's business activities, risks and opportunities also affect the company. At present, these are shaped in particular by regulatory uncertainty with regard to ESG legislation, making it difficult for the Otto Group to develop clear implementation strategies.

The materiality analysis builds on the version of the CSRD from 2023, which was valid at the time of implementation. With this in mind, materiality was analyzed, assessed and documented at the level of the ESRS sub-topics. The EU has published several revisions of the ESRS after completion of the materiality analysis. Due to this regulatory uncertainty this year, the Otto Group is publishing the results of the analysis at the level of the overarching topic standards. The diagram indicates the standards in which individual sub-(sub-)topics are material. Not all sub-(sub-)topics included in each standard are automatically material.

Topic	Upstream value chain	Own locations	Downstream value chain
Climate change	x	x	x
Pollution	x		
Water	x		
Biodiversity and Ecosystems	x		
Resource use and Circular Economy	x	x	x
Own Workforce	n/a	x	n/a
Workers in the Value Chain	x	n/a	n/a
Affected Communities			
Consumers and End-users	n/a	n/a	x
Business Conduct		x	

x = One or several IROs (Impacts, Risks and Opportunities) in this thematic standard are material

One or several IROs in this thematic standard are of particular relevance to the Otto Group

n/a = Not applicable at this stage of the value chain

The focus topics of climate change, resource use und circular economy, own workforce and workers in the value chain possess the greatest relevance for the Otto Group beyond the pure reporting obligation and are integral parts of the Otto Group's responsibility ambitions, even without the mandatory CSRD component. This is why the Otto Group is gradually adopting the future reporting obligations of the CSRD in this year's reporting, without yet fulfilling all future obligations. In the years ahead, the Otto Group will make efforts to ensure full CSRD compliance of these chapters and to continuously establish further reporting obligations on the other material topics. The first full reporting in accordance with CSRD requirements will be published for the 2027/28 financial year.

Aside from identifying material reporting obligations, the Otto Group uses the results of the materiality analysis to identify where its own negative impacts – and therefore room for improvement – are greatest. Where this applies, the Otto Group defines its own targets and works continuously to mitigate the impact.

Sustainability Strategy

The activities across the business areas mean that the Otto Group has an impact on the environment and social impact along along the entire value chain. In addition, the Otto Group's own business activities give rise to opportunities and risks that affect it from the outside. At present, these are shaped in particular by regulatory uncertainty with regard to ESG legislation, making it difficult for the Otto Group to develop clear implementation strategies. It is therefore all the more important for the Otto Group to take responsibility for its business activities and the consequences for potentially affected people and the environment. The aspiration to reduce the own environmental and social impact is firmly enshrined in the Otto Group's values.

Although the Otto Group continues to work steadily to fulfill legal requirements, it also seeks to exceed these standards as a matter of conviction. Above and beyond the legal requirements, the Group defines specific sustainability targets in areas in which its own business models have the greatest impact on people and the environment. In doing so, the Group takes into account the different industries, business models and company sizes within the Otto Group and places different demands on the Group companies.

Regulatory requirements and the Otto Group's own Sustainability Standards apply to all Group companies as a rule, which enables the Group to exceed legal requirements and define specific sustainability requirements for the Otto Group. The Group is pursuing ambitious targets in the areas of Environment and Human Rights with its Sustainability Strategy.

The Sustainability Strategy applies to Group companies with the greatest impact on human rights or environmental issues along the entire value chain. These impact Group companies are OTTO, the bonprix Group, the Witt Group, the Crate and Barrel Group and Hermes Germany GmbH. The Otto International Group also supports the impact Group companies to achieve their targets, particularly with regard to procurement in the upstream supply chain.

Ambitions in the area of Environment

The Otto Group aims to substantially lower its ecological impacts to operate within planetary boundaries. The company reduces its own GHG emissions at all stages of the value chain (upstream, downstream and in its own operations) in line with the 1.5-degree climate target of the Paris Agreement, minimizes its own resource consumption and protects biodiversity.

Accordingly, the Otto Group has formulated its near-term science-based climate target (near-term SBT) and is pursuing a path to reduce GHG emissions by the end of the 2031/32 financial year.

The Otto Group has also formulated ambitions for the end of the 2035/36 financial year. These reflect what the company would like to achieve for the most relevant assortments (textiles, furniture, electronics) in the following focus topics:

- Preferred Materials: The Otto Group strives to use only preferred[1] materials (fibers, wood, plastics and metals).
- Responsible Products: The Otto Group is continuously increasing sales of Responsible Products.
- Eco-Design for Circularity: The Otto Group largely shifts to products that meet eco-design criteria.
- Circular Business Solutions: The Otto Group largely offers circular business solutions (reuse, repair or recycling) and is continuously increasing their implementation.

Ambitions in the area of Human Rights

The Otto Group respects human rights and is committed to improving working conditions in its own upstream supply chains. The Group identifies focus topics and key stakeholders to concentrate on the main challenges in the supply chains and fulfill its human rights due diligence obligations. Knowledge, resources and learning specific skills are crucial to enable progress and improvement, to prevent human rights violations and to achieve better working conditions for people in upstream supply chains in the long term. The Otto Group promotes capacity development as a lever for positive change in the lives of workers in upstream supply chains.

[1] Preferred Materials are defined as those that have a lower negative impact on the environment compared to conventional alternatives.

Accordingly, the Group aims for the majority of key stakeholders to participate in capacity development on the following relevant human rights topics by the end of the 2035/36 financial year: “Child Free Production”, “Freely Chosen Employment”, “Living Wages”, “Decent Working Hours” and “Safe Work Environment”. The Otto Group has used a risk-based approach for all focus topics that aims to identify participants from three groups of key stakeholders who can directly influence improvements and should therefore take part in training measures:

1. Business partners with whom the Otto Group maintains a direct contractual relationship;

2. Workers in final production facilities in countries with an increased risk of human rights violations; and

3. The management of final production facilities whose actions are are of great relevance to the workers.

As an international group, the Otto Group has an obligation and desire to fulfill the requirements placed on it with regard to human rights. It does so through compliance with laws and regulations as well as the binding requirements as part of the Otto Group Sustainability Standards.

The ambitions outlined in the focus areas are fleshed out with short-term targets, which, depending on the area, are either described in qualitative terms or are quantitatively measurable.

Human Resources Strategy

The Otto Group’s Human Resources Strategy has provided the strategic framework for shared HR work throughout all Group companies since 2018. It sets out focus topics and priorities that are used as orientation for the strategic direction of the human resources departments and aim to safeguard the company’s organizational performance and economic success while at the same time ensuring social responsibility towards the workforce. The Otto Group’s Strategic Agenda 2030 sets the direction for it. With the “Performance Culture" pillar, the agenda defines the standard for the work of human resources. Coordination with the HR Committee of the Shareholders’ Council ensures a consistent approach to HR work, from the Executive Board to the individual Group companies. The Human Resources Strategy also considers regulatory requirements such as the upcoming CSRD reporting obligation.

Central elements of HR work along the employee life cycle include recruitment, retention, development and offboarding. Leadership, lifelong learning, talent management and diversity are integral components of employee retention and development. Adding to these topic areas are the focus areas of organizational development as well as tech and data, which help to combine the requirements of the modern working world with forward-looking corporate management.

The Human Resources Strategy is subject to regular reviews and update cycles in order to ensure flexible responses to changes in the market environment, new regulatory requirements and the needs of employees. The Otto Group is therefore laying the foundation for retaining its status as an attractive employer and efficient organization in a dynamic environment.

Climate change

The Otto Group has been working for decades to reconcile its business activities with climate protection. Faced with the growing climate crisis, stakeholders from society and politics expect companies like the Otto Group to contribute to overcoming associated challenges. Climate protection is economically important, as the rising cost of raw materials, higher CO_2 prices and the risk of losing licenses from key suppliers – for example in the event of environmental damage caused by extreme weather events – come with financial risks.

To ensure that the Otto Group’s targets and activities are compatible with the 1.5-degree target of the Paris Agreement, the Otto Group has developed an ambitious and holistic near-term science-based target (SBT) that considers the entire value chain and was validated by the Science Based Targets initiative (SBTi) in the 2023/24 financial year.

An overview of material impacts, risks and opportunities

In the area of climate change, the Otto Group's activities in the Retailer, Brand Concepts and Platforms business areas have a significant impact on the environment. The majority of GHG emissions are caused by the purchase of goods, their use and disposal as well as transportation services. The Otto Group's total GHG emissions were around 9.5 million tons in the base year of 2021/22, which is relevant for the near-term SBT. Thereof 96% were attributable to production in the upstream supply chain, transport and the product use phase. These fields of action are therefore essential for achieving the targets of the near-term SBT.

Considerable emissions are generated in the upstream value chain for the production of merchandise in the three most relevant assortments of textiles, furniture and electronics. Emissions are also generated in the business area of Services. This occurs during the provision of services and contributes to overall emissions. These include, for example, the use of transport vehicles and the burning of fossil fuels for externally sourced long-distance transportation.

Emissions at the Otto Group's own sites are caused by electricity and heat generation as well as general energy consumption.

In the downstream value chain, GHG emissions are mainly associated with energy requirements, in particular from the use of sold electrical appliances and from energy-intensive waste disposal processes. Adding to this are GHG emissions from the use and disposal of goods and from the transportation of goods, particularly over the last mile to customers.

Strategy

The climate target is part of the Otto Group's Sustainability Strategy. With the near-term SBT, the Group aims to substantially lower its own GHG emissions in line with the 1.5-degree climate target of the Paris Agreement by the end of the 2031/32 financial year. This will be achieved by steadily avoiding and reducing emissions. In accordance with the SBTi, the Otto Group does not accept any offsetting projects for the achievement of targets.

What is more, the company's own commitment to climate protection should contribute not only to achieving the near-term SBT that has already been adopted, but also extend beyond the specified time frame. The Otto Group is therefore already working hard to define a net zero target for the end of the 2045/46 financial year and the steps required to achieve this target. In doing so, the Group's aim is to embrace a claim to credible and long-term climate protection and make a contribution to the German government's climate target.

The definition of SBTi for net zero emissions is used as a guide. Reducing the GHG emissions is the top priority. All remaining emissions must be permanently neutralized. This means that companies must take measures to remove GHG emissions from the atmosphere and permanently store them to offset the impact of emissions that have not been reduced. At present, companies may only neutralize up to 10% of their GHG emissions. The Otto Group regularly notifies its stakeholders about progress in formulating a net zero target, for example in the annual report.

Group-wide committees and dialog formats, including the CR Board and the Expert Circles – which discuss the achievement of targets and new ambitions and adopt overarching measures – have been established for the management and further development of the Otto Group's climate protection activities.

Climate risk analyses

The Otto Group performs short-, medium- and long-term physical climate risk analyses for its own locations and the upstream value chain. The company's own locations and the upstream value chain are data-based analyzed and complemented by expert analyses. An annually updated list of its own locations is used for the analysis. Final production facilities of important suppliers are analyzed in the upstream value chain. Each year, the results are incorporated into the Group-wide risk management process and materiality analysis.

Two climate scenarios from an external analysis tool are used for the climate risk analysis. The time horizons are short term (1-2 years), medium term (up to 2030) and long term (up to 2045). The scenarios are described as a low-emission development path or emission-intensive extreme case, with the assessment focusing on high, very high and extreme risk levels.

Management of impacts, risks and opportunities

Guidelines

The binding sustainability requirements of the Otto Group Sustainability Standards apply to all Otto Group companies and business partners in addition to the strategic climate target. In the area of climate change, the implementation priorities of its own locations – including the switch to green electricity and biogas – are therefore firmly embedded in the Group's core operating activities. Corresponding requirements are available, for example, in the Group Manual on Sustainability in the Purchase of Non-Merchandise and include criteria for the purchase of green electricity and biogas.

Decarbonization measures

The Otto Group manages decarbonization in key emission sources on the basis of the Otto Group's near-term SBT, which was validated by the SBTi at the end of the 2023/24 financial year.

The Group has direct influence on the development of its GHG emissions when operating its own sites. Around 97 % of the Otto Group's total emissions in the 2025/26 financial year are attributable to production in the upstream supply chain, transport and the use phase of products, so the key levers for effective decarbonization are also found in these areas.

Decarbonization measures in the upstream value chain

The Otto Group has adopted a collaborative approach to reducing significant Scope 3 emissions in the upstream value chain. In order to achieve the near-term SBT, the focus of the Group's own brands is primarily on increasing energy efficiency in the upstream supply chain and promoting the use of renewable energies. As the Otto Group's influence on the upstream supply chain is limited, the implementation of reduction measures poses a greater challenge than climate protection at own sites. However, the measures in the production countries are far more favorable in comparison. Many measures that have already been put into practice at the Group's own sites have not yet been addressed in the upstream supply chain and therefore present considerable potential for implementation. In regard to energy efficiency, these include, for example, the insulation of pipes and water tanks, LED lighting and heat recovery. Aside from lower investment costs, shorter amortization periods are also becoming apparent here.

Close cooperation and an experience sharing in a spirit of equality with the Otto Group's business partners is therefore essential in order to help supply chain partners to lower their carbon footprint.

To record environmental impacts, the Otto Group draws on instruments such as the Worldly Higg-FEM tool, which provides a standardized framework to help measure the environmental performance of facilities. It was therefore possible to determine the environmental performance of over 600 facilities in the 2025/26 financial year. Moreover, the Otto Group uses the Ren Energy digital platform to identify potential for renewable energy from individual suppliers and to calculate the costs of a switch. Ren Energy enables the Group to promote the use of renewable energies among its own suppliers in order to achieve the near-term SBT. The Otto Group intensified its collaboration in the 2025/26 financial year, launching another pilot project based on the Ren Platform data: Strategic suppliers were targeted in China to demonstrate the advantages of renewable energy sources and solar power in particular. This project aims to develop individual business cases for relevant partners who have the potential to switch to renewable energies in China.

As part of projects in cooperation with the Apparel Impact Institute and the Partnership for Sustainable Textiles, the Otto Group tested various approaches to effectively reducing GHG emissions in the supply chain in the 2025/26 financial year and gained important insights for improved systematization. The Otto Group was able to help over 30 facilities in Bangladesh, China, India and Pakistan to build knowledge, improve their energy management and develop specific action plans. The project revealed that measures leading to major reductions can be implemented very quickly at the facilities and that the potential for cost-effective reduction measures is very substantial. One example from the 12-month project period is a facility in China, which managed to implement measures such as improved insulation or the installation of a solar power system that yielded annual savings of over 6,000 tons of CO_2. The average amortization period is less than two years due to the reduced energy costs on site.

Based on these findings, the Otto Group built expertise at the Group's own procurement organization Otto International in the 2025/26 financial year. The aim in this regard is to provide tailored on-site support to over 20 textile facilities in Bangladesh over the next few years and to assist them in the implementation of climate protection measures, especially in the installation of solar panels. Initial on-site assessments were carried out in a first step and specific action plans developed with the facilities, which will be put into practice in the months ahead.

Otto Group Holding joined with the Group companies OTTO and the Crate and Barrel Group in the 2025/26 financial year to initiate a project to identify the largest sources of emissions (so-called hot spots) within the furniture supply chains. The findings revealed firstly that emissions from material extraction and use are relevant. Secondly, the project indicated that emissions in the manufacturing process can be reduced by saving energy at the facilities. The project comprised a desk research analysis, which was underpinned by discussions with suppliers and carried out in collaboration with an external service provider. The results will be incorporated into a more detailed project in the 2026/27 financial year. With direct involvement of strategically relevant suppliers and facilities, it will aim to exploit the identified levers in order to reduce energy consumption.

In addition, the Otto Group is working steadily to minimize the transportation of goods by air and is increasingly shifting the goods to sea freight instead. OTTO has, for example, already reduced the share of air freight to less than two percent. In the area of maritime transport, OTTO cooperates with the innovative partner Goodshipping, which refuels container ships with a biofuel mixture made from various waste streams such as used cooking oil and fats from the food industry instead of heavy fuel oil. This conversion reduces GHG emissions by around 80% compared to conventional heavy fuel oil and produces fewer air pollutants such as sulfur and nitrogen oxides. OTTO is currently deploying three e-trucks to test the use of electromobility on the long route from the port to the warehouse. In addition, the Otto Group joined the Smart Freight Center (SFC) in the 2025/26 financial year in order to strengthen its global commitment to reducing GHG emissions from its logistics activities. The SFC, an international non-profit organization, offers companies key advantages in decarbonization by providing standardized methods such as the GLEC framework for measuring emissions and supporting its members through training, networking, best practices and strategies to reduce their carbon footprint and achieve emission-free logistics. In addition, the bonprix Group has been using an e-truck in Germany since July 1, 2025. Compared to a diesel truck, this lowers CO_2 emissions by around 46.5 tons per year on its route between Hamburg and Haldensleben.

Decarbonization measures in the downstream value chain

Hermes Germany GmbH is systematically driving its transformation to low-emission logistics and has been making locally emission-free deliveries on the "last mile" in over 80 major German city centers since the end of the 2025/26 financial year. In line with the Group-wide near-term SBT, Hermes Germany GmbH is pursuing the target of making 85% of local deliveries emission-free by no later than the 2031/32 financial year. Hermes Germany GmbH is also gradually expanding its long haul fleet to include alternative drive solutions such as e-trucks and hydrogen trucks and is harnessing technological progress to reduce emissions for more and more transport kilometers. The continuous expansion of the charging infrastructure supports fleet electrification and contributes significantly to decarbonization of the industry.

A relevant proportion of the Otto Group's Scope 3 emissions are generated in the downstream value chain during the product use phase by the customer. These emissions are to be addressed, for example, by targeted purchase incentives and the introduction of specific measures to increase the energy efficiency of electrical appliances. In addition, the Otto Group is also committed to the continuous expansion of renewable energies in the German electricity mix, among other things through its long-standing and prominent involvement in the Stiftung KlimaWirtschaft (Climate Economy Foundation). This will produce positive effects for the achievement of targets within the near-term SBT in the product use phase by the customer.

Decarbonization measures at own sites

Energy procurement at the Otto Group's own sites is crucial for managing Scope 1 and Scope 2 GHG emissions. Decarbonization is achieved primarily by switching to electricity from renewable sources. The proportion of green electricity at the global sites currently stands at 77% and is being continuously expanded. What is more, locational potential is harnessed in order to reduce site-related emissions. This is achieved, for example, by installing solar power systems and combined heat and power plants, the use of geothermal energy and the implementation of extensive energy efficiency measures such as efficient lighting technology (e.g. LED lighting) or the continuous modernization of warehouse and conveyor technology in the logistics centers.

Decarbonization of marketplace partners

In addition, the Otto Group is implementing measures that specifically address the marketplace business model and are intended to motivate platform partners to follow the Otto Group on its path to greater climate protection. OTTO also builds on financial incentives and rewards partners that adopt SBTi-validated climate targets with reduced marketplace commissions.

Carbon accounting

In order to achieve the near-term SBT, the Otto Group is continuously developing its carbon accounting and is currently evaluating the introduction of an external carbon accounting solution – firstly to enable reliable reporting and secondly to ensure the systematic availability of data across the Group and to gradually ensure its more meaningful and effective management on this basis. This involves actively addressing compliance requirements as well as meeting the company's own demands for holistic climate protection management.

Key performance indicators and targets

The Otto Group has formulated a near-term SBT in the focus topic of climate change and is following a path to reduce GHG emissions by the end of the 2031/32 financial year that is in line with the 1.5-degree path of the Paris Agreement.

The climate targets of the Otto Group are based on the Greenhouse Gas Protocol (GHG Protocol), which establishes a global and standardized framework for measuring and managing greenhouse gas emissions (GHG emissions) from the private and public sectors. The GHG Protocol divides greenhouse gas emissions into three categories, which were considered in developing our near-term SBT: Scope 1 emissions comprise direct emissions from company-owned and controlled resources, such as process emissions, company-owned electricity and heat generation or the vehicle fleet. Scope 2 emissions comprise indirect emissions from purchased energy such as electricity, steam, district heating or cooling. Scope 3 emissions comprise indirect emissions within the value chain that the company cannot control itself, for example electricity consumption during production or the use phase after sale of the products. In its adoption of the near-term SBT, the Otto Group is adhering to the SBTi definition and addressing a time horizon of five to ten years.

Reporting on achieved reductions takes place at the Otto Group level, taking into account the operational control approach in accordance with the GHG Protocol. The market-based approach is used for calculating the Scope 2 GHG emissions.

In the 2025/26 financial year, the Otto Group recalculated GHG emissions for the base year 2021/22 to ensure comparability between the base year and the reporting year. These adjustments mean that the figures presented in this report differ slightly from those of the previous year and are therefore only comparable to a limited extent. This recalculation was necessary in particular due to changes in the scope of consolidation such as discontinuation of the Venus brand activities in the USA – which had still been loss making last year – and the sale of the inventory, trademark rights and customer base. Isolated corrections were also made during the process to improve the quality of primary data. The data for these consolidated activities has been adjusted as part of the retrospective adjustment of the base year.

The near-term SBT of the Otto Group is divided into three sub-targets:

Sub-target 1: Absolute scope 1 and 2 GHG emission reduction by 42 % by the end of the 2030/31 financial year (compared to the 2021/22 financial year). This includes direct emissions from company-owned and controlled resources, such as the company's vehicle fleet, and indirect emissions from purchased energy. By the end of the 2025/26 financial year, the Otto Group had achieved a reduction of 59 % compared to the 2021/22 financial year (previous year: 57 %). The ongoing decline in emissions is still largely due to the increasing purchase of green electricity, particularly at the German Group companies.

Sub-target 2 (Supplier Engagement): At least 75 % of third-party brands based on purchasing volume and at least 20 % of marketplace partners based on Gross Merchandise Value (GMV) have set an own SBT, that was validated by the SBTi, by the end of the 2027/28 financial year. Unlike with its own brands, the Otto Group is unable to influence the supply chains of its marketplace partners and third-party brands. The Group has therefore defined a so-called supplier engagement target. In this commitment, the Otto Group undertakes to collaborate more closely with actors that have adopted their own SBT. This demonstrates the companies' dedication to the pursuit of high standards, similar to the Otto Group in its own brand business. A share of 47 % was achieved for third-party brands and 8 % for marketplace partners in the 2025/26 financial year. Sub-target 2 is calculated on the basis of the Impact Group companies OTTO, the bonprix Group, the Witt Group and the Crate and Barrel Group as well as the Limango Group, which cover the majority of the Otto Group's third-party brands and marketplace business and therefore serve as a representative basis for calculating the performance indicator at Group level. In particular, the e-commerce platform OTTO as a Group company and the continuous expansion of the OTTO marketplace are influencing the current achievement of targets.

Sub-target 3: Absolute reduction in scope 3 GHG emissions by 42 % by the end of the 2031/32 financial year (compared to the 2021/22 financial year). This refers to indirect emissions within the value chain over which the company has no control for the most part, such as energy consumption during production or during the use phase of the products sold. Categories 3.1, 3.3, 3.4, 3.6, 3.7, 3.11 and 3.12 have been included for the measurement of Scope 3 reductions, whereby only GHG emissions from the company's own and licensed brands are considered in category 3.1. By the end of the 2025/26 financial year, emissions had fallen by 15 % compared to the 2021/22 financial year (previous year: 16 %). The reduction compared with the 2021/22 financial year is primarily attributable to the global expansion of renewable energy, efficiency gains in the upstream value chain, and the comparatively lower procurement volumes in previous financial years. A stronger reduction in the 2025/26 financial year was curbed by a renewed increase in year-on-year purchasing volumes.

Resource use and circular economy

As a globally active retail and services group, merchandise and non-merchandise play an important role in the Otto Group. The greatest effects in the area of materials come from the extraction of commodities for merchandise, for example in the cultivation of cotton and in the manufacturing processes in the supply chains. The use of more sustainable materials is the basis for the Otto Group's ability to make its business model increasingly resource-efficient. The Otto Group is working to establish circular business solutions for its business models. The Group's selection of materials is preparing the ground for this ambitious target: The Otto Group is reducing the use of conventional raw materials, so-called "virgin materials", while increasing the proportion of recycled, more sustainable materials that create a valid basis for circular products and solutions as well as climate protection.

In joint projects with the Group companies and partners in the business community, academia and civil society, the Otto Group is continuously working to test and gradually implement circularity principles and solutions. Quick success cannot be achieved in all areas of the value chain. This makes it all the more important to learn from the challenges and set the necessary course to advance forward-looking ideas.

An overview of material impacts, risks and opportunities

The consumption of primary raw materials such as textile fibers, wood, metals and plastics, which are used in the production of Otto Group goods and packaging, has a negative impact on the environment. Waste is generated along the entire value chain – from cutting residues or errors in production to packaging waste at logistics locations and transport packaging. However, the lion's share of waste accumulates when products are recycled or disposed of after the use phase, for example when old electrical appliances are taken back for reuse, processing or recycling, depending on their condition. In addition, circularity principles must be taken into account to a greater extent in product design, as this would facilitate the return of products to the cycle after their use phase.

Management of impacts, risks and opportunities

The Retail business area comprises the sale of own and licensed brands, third-party brands and the provision of the marketplace on which third-party vendors sell their goods. The Otto Group's influence varies: When it comes to its own and licensed brands, the Otto Group can exert direct influence, but it has only indirect influence on third-party brands and items from marketplace partners. In order to address the environmental impact across all segments, the Otto Group has adopted strategic focus topics in the most relevant assortments of textiles, furniture and electronics.

Material selection is one lever for optimizing resource use. In the area of materials, the Otto Group focuses on the core topic of "Preferred Materials" for its own and licensed brands. Raw materials are used that have a lower negative environmental impact than conventional alternatives. Assessment is carried out on the basis of data using industry-standard sources such as the Worldly Higg-MSI. For materials for which quantitative data is not available, the Otto Group uses its own comprehensive qualitative evaluation system. The focus in the 2025/26 financial year was on the material groups of fibers and wood in the assortments textiles and furniture. In the 2026/27 financial year, the Otto Group will examine whether this approach can also be extended to plastics and metals.

Moreover, the focus topic of "Responsible Products" addresses the third-party brands and marketplace segments with the aim of increasing the proportion of these products in the assortments textiles, furniture and electronics. A responsible product shows a significant improvement in at least one sustainability criterion compared to a conventional alternative. The product must be certified according to a recognized, third-party verified standard/label and contain the required minimum percentage of the recognized, certified material.

Another lever is extending the product's useful life and returning products to the cycle. The Otto Group pursues a holistic approach. Circular products that are durable and recyclable form the basis for circular programs such as repair, second-hand or take-back for recycling. Establishing circularity will bring far-reaching changes to the Otto Group and require new forms of cooperation with current and new stakeholders. Suitable business processes and IT systems must be set up, connected and adapted.

With the focus topics of "Eco-Design for Circularity" and "Circular Business Solutions", the Otto Group is creating the necessary conditions that are also required within the framework of EU regulations (e.g. Ecodesign Regulation, Right to Repair or the Waste Framework Directive) and form a basis for providing customers with access to circular offerings. The focus topic of "Eco-Design for Circularity" aims to make the products of own and licensed brands recyclable. The focus in the 2025/26 financial year was on the textiles product group, while expansion to the electronics and furniture assortments is in the pipeline for the medium term. As part of the "Circular Business Solutions" focus topic, the Otto Group is developing offerings for the reuse, repair and recycling that cover all segments (own and licensed brands, third-party brands and goods from marketplace partners). The focus in the 2025/26 financial year was on the textiles and electronics product groups; furniture will also be included going forward.

Guidelines

The binding sustainability requirements of the Otto Group Sustainability Standards apply to all Otto Group companies and business partners in addition to the strategic focus topics. The Business Partner Declaration on Sustainability sets out the requirements that all Otto Group business partners must sign as a basic condition for establishing a business relationship. Included in the document are specifications for merchandise in the areas of wood, cotton and animal materials, such as the ban on non-certified wool from 2028 or the required FSC® certification for the use of tropical timber. In addition, there are binding requirements for services and non-merchandise that stipulate, for example, the use of at least 80% recycled material in packaging used for shipping.

Textile measures

With the focus topic of "Preferred Materials", the Otto Group relies on preferred textile fibers for textiles in its own and licensed brands. These have a lower negative impact on the environment compared to conventional alternatives. The Otto Group's preferred textile fibers include, for example, organic and recycled fibers, selected cellulose fibers and cotton according to the internationally recognized Cotton made in Africa (CmiA) standard.

As part of the Otto Group Sustainability Standards, the Otto Group is pursuing the transition to 100% certified traceable cotton by the end of the 2030/31 financial year. Cotton products from the Otto Group's own and licensed brands that are produced according to the mass balance principle will no longer be permitted from this date. This principle of mass balancing means that the cotton can be traced from the field to the spinning mill, where it may be mixed with cotton from other sources during processing. The key to further processing at the spinning mill is to balance the amount of CmiA cotton purchased with the amount of yarn sold as CmiA. The Aid by Trade Foundation has developed an updated version of a "transparency standard" with the participation of the Otto Group in order to meet the more rigorous requirements for traceability and transparency. Included in the "transparency standard" are specifications for the traceability of the cotton used in the product as well as for production, documentation and verification by means of supplier audits. The market launch took place at the Group companies OTTO, bonprix and the Witt Group during the 2025/26 financial year.

Aside from requirements for traceable cotton, the Otto Group Sustainability Standards include a ban on real fur and mulesing wool as well as restrictions on the use of leather. From 2028, it will only be permitted to purchase down and feathers, sheep's and alpaca wool and cashmere with certification according to an independent recycling or animal welfare standard accepted by the Otto Group.

Another lever for optimizing resource use is the focus topic of "Eco-Design for Circularity" for own and licensed brands. OTTO and the bonprix Group offer garments created according to circular.fashion's design criteria. In addition to the more sustainable use of materials, these fulfill requirements in regard to durability and recyclability. The bonprix Group launched its sixth Circular Collection in the 2025/26 financial year. The circular collections were used as the basis for defining the eco-design criteria for the Otto Group, which will gradually be applied to other parts of the textile range. To achieve this, it will first be necessary to lay the systemic and technical foundation for scaling, also in light of the upcoming EU Ecodesign for Sustainable Products Regulation. In addition, the bonprix Group in 2025 became the world's first fashion company to receive the "Cradle to Cradle Certified®" Silver Full Product certificate according to Standard 4.0 for its recyclable denim products. This standard evaluates products in the five categories of Material Health, Product Circularity, Clean Air and Climate Protection, Water and Soil Stewardship and Social Fairness.

In order to be able to make valid and verifiable statements, a robust data basis and an automated system landscape are crucial for managing the proportion of responsible products from third-party brands and marketplace. In the 2025/26 financial year, the Otto Group created a sound data basis for correct allocation of these products in this regard. Promoting products with increased sustainability claims is a lever to inspire customers to make a purchasing decision in favor of these products. The Otto Group attaches great importance to transparent communication on environmental and social aspects and aligns this area in such a way that it meets the needs and wishes of customers as well as regulatory requirements. Although the Otto Group endorses regulation on greenwashing, it sees the danger that stricter regulation may reduce communication on environmental and social aspects to a minimum overall. The Otto Group believes that thus would help neither the issues nor the social debate. As a result, it consciously steers clear of any sign of greenhushing. Instead, the Otto Group is working steadily to improve the labeling of responsible products and to make communication more specific.

The Otto Group also takes responsibility for products at the end of their useful life and is working on returning textiles to the cycle as part of the focus topic "Circular Business Solutions". Since 2014, OTTO has been offering customers the collection of used textiles as part of the non-profit initiative "Platz schaffen mit Herz" (Creating space with heart; around 1,000 tons in the 2025/26 financial year). The experience acquired in this context will be incorporated into the political debate on the design of a practical and effective system for the take-back of used textiles, which is scheduled to come into force in 2028 due to the "Extended Producer Responsibility" under the EU Waste Framework Directive.

As a member of the Fashion for Good initiative, the Otto Group has launched the "Sorting for Circularity" project to support the use of artificial intelligence (AI)-powered, automated sorting technologies to improve the sorting of reusable textiles. In addition, the "Closing the Footwear Loop" project was launched in early 2025. It focuses on the use of alternatives for footwear materials, the definition of circular design criteria and the improvement of take-back logistics for the reuse and recycling of shoes.

Furniture measures

In the focus topic of "Preferred Materials" for own and licensed brands, preferred wood and preferred fibers for upholstered furniture are at the heart of the Otto Group's activities in the furniture range. Aside from these materials, plastics and metals are also relevant, although more sustainable alternatives are currently only available to a limited extent. In the 2026/27 financial year, the Otto Group will review and evaluate certified metals and plastics and their availability in the supply chains. Furniture from third-party brands and marketplace partners is addressed in the focus topic of "Responsible Products" in order to increase the proportion of furniture sales bearing a credible and recognized standard such as FSC or EU Ecolabel. The certified items are suitably labeled in the online stores to make them easy for customers to find.

In addition, the Otto Group is testing opportunities for circularity in the furniture segment and has piloted the implementation of circular design principles in this range. In the 2025/26 financial year, for example, the Crate and Barrel Group launched the "Revive" sofa, a product that aims to reduce the company's environmental footprint. Recycled plastics are used for the production of frames, cushions and covers. The sofa's modular design also makes it easy to dismantle, so that covers can be replaced and individual components separated without gluing to enable recycling at the end of their useful life. Winner of the Good Design Award in the "Green Products" category, "Revive" embodies an approach to meeting the challenges of upholstered furniture, which is typically difficult to recycle. These products are usually made of many different, firmly bonded materials such as wood, metal, textiles and adhesives, which makes them difficult to separate according to materials and therefore hard to recycle.

Electronics measures

The focus topic of "Responsible Products" aims to increase the assortment of electronic products from third-party brands and marketplace partners that come with a credible and recognized standard or an outstanding energy efficiency class. These products show a significant improvement in at least one sustainability criterion compared to a conventional alternative. In addition, the Otto Group takes back old electrical appliances from customers at the end of their useful life and ensures their proper recycling (More than 48,200 tons in 2025). German disposal partners remove the harmful substances from refrigerators and freezers in Weeelabex-certified facilities and recycle them to a high standard. This contributes to climate protection by preventing the release of greenhouse gases such as chlorofluorocarbons (CFCs) and hydrofluorocarbons (HFCs) into the environment.

Packaging measures

All OTTO merchandise has been delivered to customers in shipping packaging containing at least 80% proven post-consumer recycled content since 2025. A binding internal guideline defines the accepted standards, such as FSC and Blue Angel.

The Otto Group also relies on innovative partnerships for packaging in order to further reduce the negative impacts of resource use. OTTO has been cooperating with the Hamburg-based company Wildplastic® since March 2021. Wild plastic is collected, sorted, cleaned and processed into granulate in places without end-to-end waste disposal structures, for example in Indonesia or India. The Group company OTTO switched 100% of all shipping bags to recycled plastic from wild plastic at the end of 2023. The total amount of plastic collected and used for the production of shipping bags has since reached 1,423 tons of wild plastic.

Moreover, OTTO is collaborating with the Hamburg start-up Traceless® to develop a shipping bag and a polybag. These are based on natural polymers obtained from food production residues. The Traceless® material is therefore an alternative to plastic. As a mono-material, the shipping bags are completely compostable within a few weeks under natural conditions, thus returning nutrients to the soil. Traceless® material is harmless to humans and the environment as it is completely free of chemicals that are hazardous to health or the environment. The test phase for the shipping bags and polybags is slated for spring 2027.

Larger items that cannot fit into a shipping bag will be sent in a cardboard box. OTTO is testing innovative materials to continuously improve on these boxes – including Paludi biomass. It is made from plants that grow on rewetted peatland areas. When peatlands are drained, they release the carbon sequestered in them and cause significant GHG emissions. It is therefore important to preserve intact peatlands and rewet dry ones. Aside from the positive climate impact, OTTO is also promoting new, near-natural peatland habitats to increase biodiversity. To transform the Paludi biomass into a stable packaging material, it is mixed with paper fibers that are obtained from responsible and resource-conserving forestry and other controlled sources. OTTO has plans for 50% of its shipping boxes to contain Paludi by the end of 2026. By the end of 2027, this will apply to all shipping boxes from the seller OTTO.

Key performance indicators and targets

The Otto Group has defined its ambitions for the focus topics in the area of resource use and circular economy up to the end of the 2035/36 financial year. All focus topics address the three most relevant assortments: textiles, furniture and electronics.

In the focus topic of "Preferred Materials", the Otto Group aims to use only preferred materials (fibers, wood, plastics and metals) for all own and licensed brands by 2035/36. The focus in the 2025/26 financial year was on the material groups of fibers and wood in the assortments textiles and furniture. A proportion of 45% preferred fibers and 86% preferred wood was achieved. The performance indicators relate to the share of total tonnage. The integration of new product groups such as upholstered furniture and carpets is particularly noticeable in the area of fibers, as these products account for around a third of total tonnage and are still in the early phase of transitioning to "Preferred Materials". The proportion of preferred fibers in the fashion and home textiles sector is 66%. An expansion in the use of "Preferred Materials" to include the plastics and metals material groups and to the assortment electronics will be reviewed and evaluated in the 2026/27 financial year.

The ambition in the focus topic "Responsible Products" is to continuously increase the proportion of sales of Responsible Products from third-party brands and marketplace partners by 2035/36. At the end of the 2025/26 financial year, the Otto Group achieved 10% of revenue in the textiles segment, 17% in the furniture segment and 12% in the electronics segment.

In the focus topic "Eco-Design for Circularity", the Otto Group aims to largely shift the majority of its own and licensed brands to products that meet eco-design criteria by the end of 2035/36. In doing so, the Otto Group is initially focusing on qualitative objectives in order to establish the necessary process and system requirements for a subsequent ramp-up to quantitative targets. In the 2025/26 financial year, the Group companies worked on preparing the systems and trained the responsible employees and selected suppliers to apply the Otto Group Eco-Design criteria for textiles. This transformation of processes and IT systems for the development and marketing of circular products will remain a strategic task for the Otto Group in the financial years ahead.

In the "Circular Business Solutions" focus topic, the Otto Group aims to offer circular business solutions (reuse, repair or recycling) for own and licensed brands as well as third-party brands and products from marketplace partners by 2035/36 and to constantly increase their implementation. Although the Otto Group has been pursuing circular approaches such as taking back used textiles and appliances for many years and testing pilot projects such as Circular Collections, scalable solutions have largely been lacking thus far. The Otto Group is therefore concentrating on a qualitative objective. It will be used to develop and expand viable solutions and prepare them for quantitative scaling.

Own workforce

An ongoing shortage of skilled workers and increasing competitive pressure – partly due to the increased use of artificial intelligence – require even greater focus on the company's own workforce. The targeted use of a Human Resources Strategy that dovetails both external challenges and internal necessities is indispensable.

Strong values such as responsibility and diversity have been hallmarks of the Otto Group for decades. This clear stance is also helpful in challenging times, nurturing a corporate culture that is shaped by commitment and performance.

An overview of material impacts, risks and opportunities

The Otto Group's workforce comprises employees across all business areas at the Group's own locations. The focus is on selected, strategically relevant topics that frame the well-being and development of employees within the Group. Topics that extend beyond the boundaries of the Group's own workforce and relate to the upstream supply chain are addressed in the section of "Workforce in the value chain".

A safe working environment, the promotion of diverse talents, ensuring the health of employees and creating a respectful working environment are of pivotal importance to ensure the long-term performance and resilience of the Otto Group in a dynamic market environment. These aspects are fundamental requirements for commitment and performance. The Group takes concerted action in the areas of organizational development, talent management, lifelong learning, diversity, health and occupational safety in order to protect these aspects in the long term.

Physical work, monotonous activities, shift operations and mental overload can negatively impact employee health and performance. Comprehensive health protection and the systematic assurance of occupational safety are therefore essential in order to maintain well-being and reduce downtime. Employees who are fully committed to the company, continuously develop their skills and are able to adapt to new requirements when the corporate culture enables their growth make a vital contribution to the organization.

Talent management specifically addresses risks such as demographic change and skills shortages by developing high-potential employees and establishing a systematic approach to succession planning. Lifelong learning, in turn, promotes individual adaptability and gives employees the confidence they need to embrace change. An appreciative and inclusive working environment that promotes diversity is essential in order to foster well-being. It enables all employees to experience appreciation and rise to their full potential. Not only does a diverse workforce express ethical values, it is also a key resource for innovation, creative problem-solving and increased attractiveness as an employer brand.

Management of impacts, risks and opportunities

With its Group-wide Human Resources Strategy, the Otto Group is pursuing the target of strengthening the organizational resilience of the Group companies and at the same time promoting the well-being and performance of its employees. Here, we are guided by a focus on measures to strengthen overall organizational performance and the individual performance of employees. Holistic and forward-looking HR development that takes lifelong learning and talent management into account creates appropriate framework conditions in this respect.

Legal framework conditions

The Otto Group complies with all relevant laws and regulations around the world and implements them in each country. For example, the occupational health and safety and maternity protection laws in Germany and the corresponding implementation of the European Occupational Health and Safety Directive apply in the area of health and occupational safety. The Group implements laws and occupational health and safety guidelines at local level to ensure that health and occupational safety are guaranteed worldwide. In the area of diversity, the Otto Group complies with legal requirements such as the General Act on Equal Treatment (AGG) and the German Act on Equal Participation of Women and Men in Leadership Positions (FüPoG) in Germany. At EU level, the Group bases its approach on the Charter of Fundamental Rights of the European Union and the Directive on equal treatment for men and women. Globally, the Otto Group takes into account the UN Convention on the Rights of Persons with Disabilities in order to promote the full and equal participation of all people.

Cultural change measures

The Otto Group has been engaged for many years in systematic cultural change activities that promote overall organizational performance on a long-term, Group-wide and participatory basis. Embedded within a decentral framework, cultural change creates a common organizational framework in which performance, collaboration and the ability to change are firmly enshrined across the Group. This process is being driven throughout the Group by organizational developers, agile units and local cultural change managers, for example from HR. Involving employees in the cultural change creates a common understanding of performance that increases the organization’s adaptability. Central dialog and networking formats enable the systematic dissemination and scaling of good practices, promote cross-organizational dialog and strengthen the transfer of knowledge between different units.

The annual cultural change conference #CDX (Culture Development Experience) was one of the events held in the 2025/26 financial year. More than 870 people from around 500 organizations attended – both from Otto Group companies and external organizations. Furthermore the Group-wide Cultural Change Community exists since 2018. It now has over 250 changemakers. They drive concrete implementation of cultural change at the Otto Group companies in their respective roles. In addition, the Cultural Change Collective connects more than 1,600 members from numerous organizations from within and outside the Otto Group. Topics are discussed, best practices shared and joint results developed in cross-organizational formats.

Diversity measures

The strategic anchoring of diversity and inclusion is a key lever for strengthening both overall organizational performance and individual effectiveness. A diverse and balanced management level unites different perspectives and innovative approaches to solutions and at the same time contributes to a more inclusive corporate culture in which equal opportunities are embedded as an organizational principle. With this in mind, the Otto Group drew on the German Act on Equal Participation of Women and Men in Leadership Positions to define ambitious target quotas for equal participation of women in the management of the German Group companies in 2021. This exemplary measure aims to strengthen organizational stability, resilience and adaptability in the long term.

The target quotas are part of the Group-wide diversity strategy entitled Envision, Embrace and Grow. It defines diversity as a strategic performance driver and addresses both structural and culture-building changes. Annual events such as the online "DIVE IN - BE part of it" format are aimed at managers and external specialists from the academic and business communities and seeks to encourage expert exchange on diversity. The aim is to strengthen the Group-wide discourse on topics relating to diversity and innovation as well as collaboration within the Otto Group. The format's international focus encourages networking between the Group companies and therefore contributes to the group's strategic capacity to act. Diversity is also used as a governance mechanism at Group company level. Company-specific diversity & inclusion strategies, for example at OTTO, create a binding framework for integrating diversity into the management and HR culture. International units such as Otto Group Solution Provider (OSP) Taipei Co, Ltd engage in mandatory training and equal pay measures based on country-specific regulations to embed diversity within their structures. Programs across the group such as the Power of Diversity mentoring program, which has supported more than 45 female managers in their career and leadership development since 2022, provide targeted support for individual development prospects and promote personal performance. Overall, these structural and strategic measures help to enshrine diversity throughout the Group as the basis for innovation, international competitiveness and long-term performance.

Individual inclusion measures directly promote workforce performance as well. The Hermes Fulfilment Group, for example, enters into inclusion agreements and ensures barrier-free work design, professional support for people with disabilities and language mentoring for international employees to create specific conditions at the Hermes delivery base "HAB Haldensleben" that enable all employees to effectively contribute their skills. Accompanying formats such as unconscious bias trainings or diversity months also promote awareness and strengthen psychological safety in everyday working life.

Lifelong learning measures

The Otto Group provides lifelong learning opportunities to promote the individual effectiveness and further development of its employees. Lifelong learning is a key lever for establishing a learning culture that encourages an openness to change and promotes individual adaptability. Video-based learning paths provide employees with the opportunity to learn independently, individually and as an integrated part of their work. In total, around 33,000 Otto Group employees are registered on the digital learning platform, which promotes the use of and learning on digital platforms.

The Otto Group has taken an important step towards "learning on demand" by introducing the AI Learning Intelligence Assistant (LIA), an integrated custom GPT solution (chatbot) that responds to around 200 learning requests per month and uses AI to precisely identify individual training needs and translates them into efficient and tailored learning paths. Modern AI learning methods have also become integrated within the logistics segment. For example, HERMES Einrichtungs Service GmbH & Co. KG is working with the University of Paderborn to test a Virtual-Reality-/Augmented Reality learning program for industrial employees that uses practical and interactive methods to teach topics such as load securing.

Talent management measures

Talent management is another area that makes a significant contribution to overall organizational performance. Targeted development of high-potential employees and the creation of transparent, Group-wide career paths strengthen the Otto Group's long-term ability to manage and act. The Group-wide "Your Next Move" initiative provides talented individuals at all levels with a wide range of development options and fills vacancies with high-potential employees from within the company. "Your Next Move" offers employees the opportunity to develop their career, for example by moving to another role or working in a different Group environment such as switching from logistics to finance. The different business areas of the Group companies offer professional development and new topic areas.

Another mainstay of the Otto Group's Human Resources Strategy is the Otto Group Academy's talent development programs for managers. This involves teaching knowledge on topics relating to transformation, performance leadership and career development. Initiatives within the Group companies are also focused on promoting talent. The EOS Excellence Program identifies international high potentials and prepares them specifically for top management roles. This strengthens individual development prospects, promotes commitment and supports a sustained performance culture within the workforce.

Health and occupational safety measures

The Otto Group takes responsibility for the health and safety of its employees and attaches great importance to measures that promote both health and occupational safety. These measures contribute to the overall organizational performance and are therefore an integral part of the Human Resources Strategy. The Group implements laws and occupational health and safety guidelines at local level to ensure that health and occupational safety are guaranteed worldwide.

In the USA, the Crate and Barrel Group's management approach to health and occupational safety ensures compliance with legal requirements and continuous improvement of safety standards. To this end, the company has adopted a three-pronged approach comprising management responsibility, active employee involvement and a structured 10-point approach to risk mitigation. The latter is set out in the "Health and Safety Manual" and is accessible to employees. The aim in this regard was to initiate targeted measures in the 2025/26 financial year such as a cross-branch campaign with posters on safety instructions, specific signage on current accident trends and refresher safety courses to reduce preventable incidents. Responsibility for the 10-point approach lies at the level of the CHRO, who reports directly to the CEO of the Crate and Barrel Group. As such, the CEO is responsible for establishing the structure of health and occupational safety management and for ensuring that all activities comply with the relevant health and safety guidelines and procedures.

Another example of the Otto Group's commitment to occupational safety is the shuttle warehouse of Baur Hermes Fulfilment in Altenkunstadt, which catches the eye with its fire protection technology. The system exceeds the legal requirements for fire protection and in 2025 was awarded the Sprinkler Protected seal of approval by the Bundesverband Technischer Brandschutz e. V.

The cooperation between the Hermes Fulfilment Group and Hansefit should also be highlighted in the logistics segment. This cooperation enables employees to attend a wide range of training courses (on site and online) and prevention programs. This program is available to part of the workforce of the Hermes Fulfilment Group in Germany (264 employees) and is intended to promote mindfulness for personal health. Similar cooperations have also been introduced in the retail segment (OTTO) or in the financial sector (EOS Group) of the Otto Group. The Otto Group has applied these and other measures to ensure that workplaces are safe and promote health, which impacts motivation, efficiency and overall organizational performance.

Outlook

With this holistic strategy and consistent implementation of measures, the Otto Group believes it is well positioned to ensure a productive, healthy and diverse workforce going forward and to live up to its social responsibility.

Key performance indicators and targets

The Otto Group is convinced that only an efficient and agile workforce can help to achieve strategic targets and shape successful transformation processes. Specific performance indicators play a vital role in controlling and evaluating performance.

One focus of the performance indicators is on diversity. The Otto Group specifically collects and manages various diversity indicators in order to systematically promote workforce diversity, especially at management level. Equal participation in management is a central element here: The German Act on Equal Participation of Women and Men in Leadership Positions has been used since 2021 to define ambitious target quotas for women in management positions at the German Group companies. Specifically, the Otto Group aims to have at least 25% women on the Supervisory Board of Otto GmbH & Co. KGaA and at least one third on the Executive Board of Otto Verwaltungsgesellschaft mbH by 2030. Target quotas averaging at 35% to 40% and 40% to 45% women have also been set for the first two management levels of the Group companies by 2030. An average share of 32% women at the first management level and 44% at the second management level had already been achieved as of December 31, 2025. Trends are logged every six months, continuously analyzed and made transparent on a dashboard in order to derive targeted measures to achieve the targets. The Otto Group remains committed to its defined target quotas and will continue to consistently monitor developments. Age structure is another important diversity indicator: The Otto Group aims to achieve an even distribution of the age groups of under 30, 30 to 50 and over 50. Ideally, each age group should account for around one third in order to ensure the long-term transfer of knowledge, innovative drive and adaptability. This envisaged age structure would combine the wealth of experience of long-time employees with the latest findings and knowledge of future generations. Continuous monitoring of these performance indicators enables targeted control and contributes to securing the Otto Group's long-term competitiveness and innovative strength.

Another focus is on creating a safe and healthy working environment for all employees. The Otto Group applies comprehensive health and safety management to ensure that the entire workforce is covered and that a high standard of occupational health and safety is established. In addition, innovative measures such as cooperation with providers of prevention and training programs are organized to promote mindfulness of personal health and to strengthen motivation and performance.

The Otto Group also places a special focus on strengthening tech and AI skills and promoting lifelong learning in order to meet current and future technological requirements. All central elements of HR work are continuously optimized along the employee lifecycle – from recruiting and onboarding to performance and retention measures and offboarding processes. The aim is to attract, develop and retain talent in the long term and to promote individual adaptability and innovative strength.

The Otto Group consistently measures and controls relevant performance indicators in order to track progress in the achievement of targets in the areas of health, occupational safety and diversity and to ensure that they are sustainably embedded within the organization. This strengthens the performance, resilience and future proofing of the Group as a whole.

Workers in the value chain

As a global company with a complex value chain, the Otto Group bears a high level of responsibility for compliance with labor and social standards as well as human rights in the value chain. Fulfillment of human rights due diligence obligations is therefore a core component of the Otto Group's corporate activities. Aside from compliance with legal requirements, the Group wants to aspire that the products it sells are produced socially responsible and resource-efficient manner while respecting human rights. The greatest risks concerning respect for human rights are found in the upstream supply chain of its own and licensed brands. But there are also opportunities to exert influence and drive improvements. The Otto Group's approach is a continuous process in which social performance is gradually improved in close cooperation with business partners and stakeholders along the supply chain.

An overview of material impacts, risks and opportunities

Human rights risks can arise in the upstream supply chain, for example through violations of working time regulations that are associated with health risks, or by failing to pay minimum or living wages. Inadequate preventive measures in the area of working conditions may also result in health and safety risks. Moreover, the unlawful employment of children and young workers represents a potential risk. The Otto Group sees these issues as an opportunity to further improve the working conditions of people employed in its supply chains.

Management of impacts, risks and opportunities

Guidelines

The Otto Group's commitment to human rights in its own organization and in the upstream value chain is set out in the Human Rights Declaration. This is based on international reference instruments such as the United Nations Universal Declaration of Human Rights.

All Group companies are governed by the legal requirements and the Otto Group Sustainability Standards. These go beyond legal requirements and specify concrete sustainability requirements, for example in the form of Group Guidelines. The Group Guidelines on Sustainability Management and Sustainability in Purchasing of Merchandising Goods establish values and principles such as the Code of Conduct and country-specific requirements, as well as principles for the management of conflicts and human rights violations, the publication of supply chain data, social audits and certificates. In addition, sustainability management requirements are defined for responsibilities and roles, processes, controls and monitoring. The Guidelines also include requirements for dealing with information and violations in complaints management, country-specific requirements for procurement management and other regulations on materiality analysis and reporting. Furthermore, the Responsible Purchasing Declaration reaffirms the Otto Group's efforts to incorporate social, environmental and ethical considerations into all purchasing decisions.

Minimum requirements are also set out in the Business Partner Declaration on Sustainability. This document brings together all sustainability requirements for business partners selling own brand merchandise. It includes the amfori BSCI Code of Conduct, which contains the Otto Group's fundamental values and principles on human rights and working conditions as well as requirements on social standards and transparency in the supply chain. A business relationship with an Otto Group company can only be established after recognition of this document. In addition, a Code of Conduct for Services and Non-Merchandise has been defined and put into practice, including social standards as well as rules on environmental protection and workplace safety.

Complaint mechanisms

Complaints mechanisms are instruments to reduce risks, encourage efficiency and build trust in companies. They offer workers a safe, accessible and effective way of exercising their rights, expressing their needs and anonymously drawing attention to grievances.

In order to identify and respond to potential human rights violations in the supply chains, the Otto Group has been involved for many years in external grievance mechanisms such as amfori Speak4Change, the International Accord for Health and Safety in the Textile and Garment Industry and the Partnership for Sustainable Textiles. The use of enterprise-wide complaints mechanisms can produce synergy effects for the participating companies in the areas of information, resources and costs. For workers in supply chains, these can also mean increased accessibility and use, improved problem resolution, greater impact and stronger protection.

With SpeakUp, the Otto Group also has its own whistleblowing system, which is available in over 30 languages to report suspected cases. The portal is a secure reporting channel for all employees and stakeholders that can be used anonymously, ensuring the highest level of protection for whistleblowers and sensitive data. An independent ombudsperson provides yet another opportunity for internal and external stakeholders to contact the Otto Group in confidence. The Business Partner Declaration on Sustainability, among other things, explicitly refers to the opportunity to use the various complaint channels to submit information and/or report violations.

The volume of reports received is seen as a positive sign that the established complaints mechanisms are working. Every tip received is rigorously investigated. They are systematically logged and evaluated individually by Otto Group experts and investigated in collaboration with the relevant stakeholders. This process is then used to derive necessary actions or measures, monitor their implementation and ensure a systematic follow-up. The Otto Group has established a case management system to record information on each incident. It is used for the systematic documentation of information received from the complaints channels as described. The development and status of an incident report are regularly reviewed and evaluated.

Measures

The Otto Group respects human rights and is committed to improving working conditions for people in its own supply chains. In this regard, the Group builds on a collaborative approach that includes the most important stakeholders in the supply chains. Membership of the International Accord for Health and Safety in the Textile and Garment Industry (Bangladesh and Pakistan) and the amfori BSCI are particularly relevant with regard to human rights issues. The Otto Group conducts social audits to obtain insight into the conditions at local final production facilities. The social audits are a basic requirement for cooperation and must be available for risk countries (according to amfori BSCI Country Risk Classification) as valid proof during the production of own brands. These include the SA8000 certificate, an amfori BSCI audit (minimum result "C") or the Otto Group Assessment as the company's own standard. The Otto Group is keen to support its business partners and supply chain facilities in improving local working conditions. To this end, the Group website provides partners with a comprehensive range of information on the subject of human rights due diligence. All Otto Group employees are also provided with video-based online learning paths, including on the topic of Child Free Production. These are available to all employees throughout the Group and are intended to raise their awareness of human rights issues and sensitize them to dealings with business partners and supply chain facilities.

The Otto Group is continuously working to further improve the availability and quality of information about its supply chains, for example through data obtained from social audits. In addition, cooperation partners such as the children's rights organization Save the Children also provide information on risks to children's rights in the production countries, which can be incorporated into supply chain analyses. As part of the International Accord for Health and Safety in the Textile and Garment Industry, further supply chain data is collected in order to conduct occupational safety training for all employees at the final production facilities in Bangladesh and Pakistan, among other things.

Supply chain transparency is fundamental to the Otto Group's human rights measures, as it ensures access to an even more detailed overview of stakeholders and the working and production conditions on the ground. The Group also examines the upstream supply chain, in addition to the final production facilities. The Otto Group publishes facility locations on the Open Supply Hub.

As part of its Sustainability Strategy, the Otto Group promotes capacity development measures as a lever for positive changes in the lives of workers in its own upstream supply chains. Knowledge, resources and the acquisition of specific skills are crucial to enable progress and improvements to prevent human rights violations and, in the long term, to achieve better working conditions for people in supply chains. Here, the Group identifies human rights focus topics and important stakeholders to address key challenges in the supply chains.

The focus topics identified in the materiality analysis – "Child Free Production", "Freely Chosen Employment", "Living Wages", "Decent Working Hours" and "Safe Work Environment" – pose a high risk of human rights violations for the Otto Group, while at the same time presenting considerable room for improvement. The most relevant stakeholders are selected by means of a risk analysis, which can be used to identify those who may benefit from support in one or more human rights focus topics. This approach enables prioritization of measures for the respective partners. These include business partners with whom the Otto Group maintains a direct contractual relationship, workers in final production facilities that operate in countries with an increased risk of human rights violations, and the management in the final production facilities whose actions may have considerable impact on workers.

Included in the capacity development measures are various free courses that are individually tailored to the different groups of participants, topics and regions and must fulfill principles defined by the Otto Group. These include, for example, the availability of training in the local language, professional qualification of the provider, an interactive methodology or the measurability of participation. The Otto Group works with prestigious and qualified organizations that specialize in the provision of training. The Group carefully selects training courses whose content is specially designed for the selected participants and offered in their respective national language. The Otto Group also recognizes training measures that have already been completed, provided they are in line with the concept of accepted training. By proceeding in this way, the Group seeks to avoid the unnecessary repetition of content and to recognize past efforts. Further development measures may include, for example, digital, interactive training on health and occupational safety, which helps to understand complex topics and adopt best practices. Elements such as gamification, interactive group exercises or practical method applications are included in the curricula. Performance indicators and dashboards have been developed to measure, control and report on trends in the further development measures.

Key performance indicators and targets

The Otto Group aims to ensure that the majority of key stakeholders have participated in Capacity Development on the following human rights topuc by the end of the 2035/36 financial year: "Child Free Production", "Freely Chosen Employment", "Living Wages", "Decent Working Hours" and "Safe Work Environment".

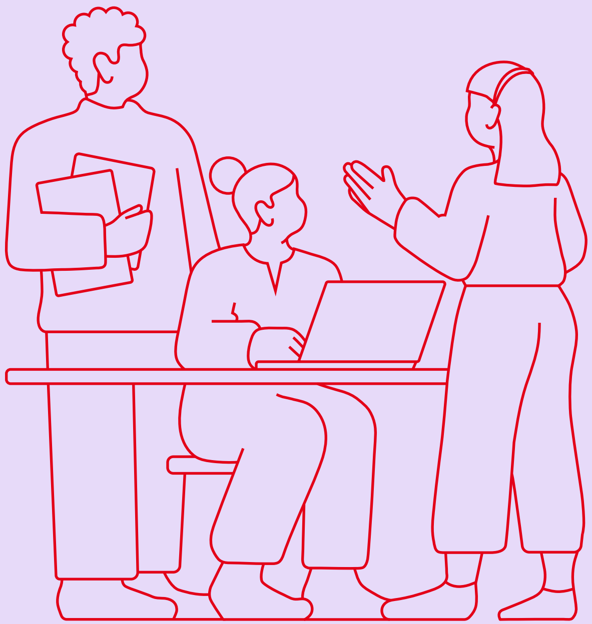
In the 2025/26 financial year, 18 % of key stakeholders took part in training measures on the topic of "Safe Work Environment".

Of the key stakeholders, 9 % attended in training measures on the topic of "Decent Working Hours".

The Otto Group is currently working on developing training programs for further training measures on the topics of "Child Free Production", "Freely Chosen Employment" and "Living Wages".

Figures of the Otto Group

Group Management Report



Basic Information about the Group

Group overview and business model

Otto GmbH & Co. KGaA and the other Group companies – hereinafter referred to as the Otto Group – are a globally active, digital retail and services group with an average of 34,831 employees[1] and revenue of EUR 13.8 billion in the 2025/26 financial year. The Otto Group's primary markets are Germany, the rest of Europe and the USA.

The Otto Group's business activities are divided into strategic business areas, which are described below and which represent the Group's reporting segments.

The Otto Group's trading activities, which constitute a relevant part of the operating business activities, are bundled in the Platforms, Brand Concepts and Retailers segments. The trading activities extend to a wide variety of product ranges such as fashion, shoes and lifestyle products, furniture and home accessories, toys, consumer electronics, sports, and leisure products, plus DIY product ranges for renovations and gardening. The primary sales channels are e-commerce, brick-and-mortar retail, and catalogs. The Otto Group sources various products for its trading activities from a large number of countries. It does not own any facilities, but works with business partners (suppliers) who in turn place orders with various facilities. The Otto Group's main sourcing countries in terms of the respective final production manufacturers for own brands and licensed brands are China, India and Turkey.

[1] A more detailed presentation is found in the Corporate Responsibility section.

The main sources of revenue in the Platforms, Brand Concepts and Retailers segments are not only revenue from the sale of goods and the related shipping and service offerings, but also from brokerage and advertising services. The majority of revenue in these three segments are generated in the e-commerce sector, while the remaining portion comes from bricks-and-mortar retail and other services.

Following the sale of all shares in About You[2] in the 2025/26 financial year, the Platforms segment is dominated by the OTTO e-commerce platform. In addition to its own retail business with an increasing proportion of its own brands, the strategic focus is also on operating a marketplace solution where participating partners sell goods and services to end customers. Furthermore, alongside the trading business and associated B2C services, B2B services closely related to the trading business are offered as well. The OTTO e-commerce platform is used in all of the following explanations to summarize both the operational business activities of Otto GmbH & Co. KGaA and the payment services provided by Otto Payments GmbH along with the services of Otto Finanzplus GmbH insurance brokerage. In the Platforms segment, sales are generated almost entirely via the online channel.

[2] ABOUT YOU Holding AG (formerly ABOUT YOU Holding SE), Hamburg, and its other subsidiaries are referred to below exclusively as About You for the purpose of better readability.

The Brand Concepts segment is made up of the Crate and Barrel Group, bonprix Group and Witt Group, and comprises internationally represented vertical concepts and product brands that sell both products of their own brands and licensed brands to end customers. The company mainly uses its own sales channels for this, along with e-commerce, brick-and-mortar retail and catalogs. In the Brand Concepts segment, sales are predominantly generated online. Brick-and-mortar retail is another important sales channel, which is primarily due to the numerous branches of the Crate and Barrel Group in the USA and Canada and the Witt Group, particularly in southern Germany.

The Retailers segment consists of multichannel retail concepts that primarily buy and sell products of their own and third-party brands. Among other things, this segment includes the Limango Group's shopping offerings, the cross-border retailer network of the Baur Group in Germany and the Otto Austria Group in Austria and Switzerland, plus the Manufactum Group, the Frankonia Group and the Freemans Grattan Group in the UK. In the Retailers segment, revenue is mainly generated online. Brick-and-mortar retail represents an additional sales channel through the branches of the Manufactum Group and the Frankonia Group.

The Services segment mainly comprises the extensive logistics services of the Hermes Group and the sourcing of the Otto International Group. These sub-groups of the Group deliver services both to customers outside the Otto Group and to Group companies from the Platforms, Brand Concepts and Retailers segments. Dominating this segment is the Hermes Group, which, supported by the services of SupplyX GmbH, offers numerous services along the logistics value chain – from transport from the countries of origin to customs clearance and warehousing to deliveries to private and business customers. Following the acquisition of the shares in Hermes Germany GmbH held by Advent International at the end of 2025, Hermes Germany GmbH has been fully consolidated in the consolidated financial statements since 1 January 2026. At Hermes Germany GmbH, the focus is both on national and international parcel delivery, including through a network of over 16,500 parcel shops, as well as on handling upstream goods flows worldwide. With its distribution activities, Hermes Germany GmbH plays a significant role in the Otto Group's trading activities. In addition, the Hermes Fulfilment Group with its warehousing activities is of central importance for the Otto Group's trading activities. It operates sites in Germany, Poland, the Czech Republic, Italy and Switzerland.

The Financial Services segment includes the range of financial services within the Otto Group. The international EOS Group, one of the leading investors and experts in the technology-based processing of non-performing receivables, is behind the main activities in this segment and, with its numerous Group companies, offers a range of different international services in the area of receivables management. The focus is on the purchase of unsecured and secured receivables portfolios, supplemented by the purchase of property and investments in bridge loans.

Key figures for management control of the Group

Revenue and income from customer financing (hereinafter referred to simply as revenue) along with their year-over-year changes, earnings before interest and taxes (EBIT) and the dynamic debt ratio (net financial debt/ Cash EBITDA) are the most significant financial metrics (performance indicators) used to manage the Group and define its strategic objectives. In addition to other earnings levels, the return on capital employed (ROCE), the debt to equity ratio and the Group equity ratio are also important financial indicators for the Otto Group. In addition, control-relevant non-financial performance indicators relating to customer satisfaction and sustainability are taken into account within the Otto Group.

Growth

The Otto Group has a clear objective: to scale successful business models more effectively in order to increase market share and relevance through corresponding revenue growth, thereby enhancing the Group's overall standing. Revenue growth is also a financial indicator of the attractiveness of the products and services on offer and ultimately of customer satisfaction. Group and segment revenues, along with their year-over-year changes on a comparable basis, are therefore the key performance indicators. To determine the comparable basis, the changes in the scope of consolidation are factored in through a corresponding adjustment of the relevant period of the previous year to align with the revenue growth reported (proportionately) in the reporting year. Liquidations and closures of operations are treated as changes in scope of consolidation. Currency translation effects are accounted for in the presentation of comparable year-over-year revenue growth in the current reporting year by translating revenue at the average exchange rate of the comparative period. When forecasting revenue growth, no changes in average exchange rates are assumed.

In addition, to reflect the platform business model, the Gross Merchandise Value (GMV) is also used to represent revenue growth. The GMV represents the value of all goods, including sales tax and excluding returns, regardless of whether they are reported as own revenue or commission sales to marketplace partners. In particular, it excludes B2B and B2C service revenues, sales reductions and customer financing revenues. The GMV is currently shown in the financial report for the OTTO e-commerce platform.

Profitability

EBIT is the key indicator used to measure the Otto Group's operating performance. As a matter of principle, EBIT is an unadjusted figure, i.e., special effects such as restructuring expenses or expenses for share-based payments are not adjusted. The effects of changes in the scope of consolidation are explained accordingly in the financial report.

Financial performance

In addition to growth and profitability, financial performance is another important component in the management control of the Otto Group. The most important financial indicator here is the debt service ratio. It is the ratio of net financial debt to cash EBITDA. The ratio reflects the Otto Group's full debt repayment capability by indicating the theoretical period for full repayment of net financial debt from cash EBITDA. Net financial debt includes interest-bearing primary financial liabilities, in particular liabilities from bonds and other notes payable and from leases and bank liabilities, less (liquid) securities and cash and cash equivalents. Further details on the individual components can be found in the financial report within the Group Management Report. With regard to cash EBITDA, the specifics of the financial services business model are taken into account by increasing the reported EBITDA by repayments on receivables packages, repayments from sales proceeds from real estate disposals and repayments for bridge loans granted to the EOS Group, reduced by non-cash value adjustments. The reason for this is that, in accordance with IFRS, the operating returns from financial services – unlike returns from other investments – are not shown in full in EBITDA, but are already netted against this amortization component. Cash EBITDA is the relevant indicator for calculating the debt repayment period.

Another financial performance indicator is the debt to equity ratio. In the Otto Group, it measures the ratio of net financial debt to Group equity. Group equity corresponds to the amount reported in the consolidated balance sheet.

Another financial performance indicator is the equity ratio. This indicator describes the ratio of reported Group equity to total assets according to the consolidated balance sheet.

Capital efficiency

The ROCE measures the return on the Group's operating activities. It measures how efficiently and profitably the Otto Group has used its capital employed. To calculate ROCE, the EBIT is viewed in relation to average capital employed. Capital employed comprises the assets required for the operating business that were used to generate the reported EBIT. These funds are primarily tied up in fixed assets and working capital. The amount of capital employed is subject to significant seasonal fluctuations, for example due to inventory changes during the year or as a result of investments in intangible assets and property, plant and equipment. Capital employed is not determined on an ongoing basis, but is calculated on certain reporting dates. In order to come as close as possible to the capital actually tied up in the current financial year, an average value is used for the capital employed. In the Otto Group, this is based on the quarterly reporting dates. The average actual figures are calculated on a rolling basis over the last five quarters.

Customer satisfaction

The Otto Group's goal for its customers is to ideally exceed their expectations. Customer satisfaction is measured using the Net Promoter Score (NPS), which is based on the recommendation from the customer's perspective. The NPS is a relevant non-financial indicator that is calculated and planned at the level of individual selected Group companies.

Sustainability

The Otto Group's Sustainability Strategy consists of ten focus topics in the areas of Environment and Human Rights. Within the focus topics, goals have been defined, which are control-relevant non-financial indicators (performance indicators) for the management control of the Group. Quantitative values exist for the focus topics "Near-Term SBT" (Science-Based Target), "Preferred Materials," "Responsible Products," "Decent Working Hours," and "Safe Work Environment." The Otto Group is working on qualitative measures for the focus topics "Eco-Design for Circularity," "Circular Business Solutions," "Child Free Production," "Freely Chosen Employment," and "Living Wages." For further details on the Sustainability Strategy and its content, please refer to the "Sustainability" section.

The Executive Board is convinced that the Otto Group bears responsibility for the environmental and social impacts of its business activities and that sustainability is the basis for the Group's long-term economic success. For this reason, the variable remuneration of the Executive Board members[3] has been linked to the achievement of sustainability goals since the 2014/15 financial year.

Group strategy

Shareholder vision

The Otto Group's business is based on the shareholder vision "Responsible commerce that inspires," which was developed with the Executive Board. This vision highlights the importance of responsible conduct and commerce and clearly expresses the goal of combining economic success with social and environmental responsibility.

This shareholder vision defines the framework and guiding principles for developing and operating the Otto Group's sustainably profitable business models.

The vision "Responsible commerce that inspires" has been further substantiated by the Otto Group's Strategy 2030 since the beginning of the 2025/26 financial year. This strategic agenda is based on five strategic priorities and defines the Otto Group's strategy until the end of the 2030/31 financial year.

The five strategic priorities are presented below.

Inspiring customers – customer enthusiasm and strong unique selling points:

As the largest online retailer of European origin, the Otto Group shapes the digital retail and services of the future with its strength and market significance. In the retail-related segments, the Otto Group serves around 42 million active customers worldwide across its various business models in the 2025/26 financial year, drawing on strong quality products, unique product ranges and differentiating services. The Group focuses on business models that can be used to precisely meet the specific needs of very different groups of customers and partners – from retail to services and financial services. Differentiation is achieved through customer-oriented offers and clear value propositions.

[3] Within the Otto Group, the management of Otto Verwaltungsgesellschaft mbH is also referred to as the Executive Board.

As a family-run group of companies, the Otto Group proves that value-oriented action and economic success go hand in hand and that the central value proposition "Responsible commerce that inspires" will continue to encourage customers to buy from the Group's brands. The Otto Group is clearly committed to its values and assumes ecological, social and digital responsibility.

Scaling & diversifying – an international group that is expanding its strengths:

In the medium and long term, the Otto Group is planning for growth on a comparable basis in the relevant business models. It is focusing even more strongly than before on scaling these business models. The OTTO e-commerce platform is expected to grow significantly. In addition, it is anticipated that, in the medium term, a growing share of its international business will come from expansion in North America and Europe by the Crate and Barrel Group and the EOS Group.

Increasing profitability & investment capability – bold decisions and a financially strong core portfolio:

Economic and financial resilience is becoming a key value in times of structural crisis. The aim is to increase the financial profitability of the individual business units and reduce net financial debt in the medium term in order to lay the foundations for growth.

The goal is to further increase financial robustness, which will put the Otto Group in an even stronger position to invest sustainably in the medium term.

Streamlining the portfolio and restructuring measures are therefore a key area of focus and central factors when it comes to ensuring the Group's future viability.

Creating competitive tech capabilities – innovations and technology with real business impact:

Especially in times of economic crisis and when there is a pressing need for transformation, a company's innovative strength becomes another key factor for the future.

The Otto Group is seizing the opportunities arising from the use of generative artificial intelligence (hereinafter GenAI) and technological development at all levels. GenAI is a relevant component of all processes and projects, especially when it comes to optimizing customer-oriented services.

Technology is not an end in itself, however: It must make the business more efficient or provide customers with an inspiring, personalized and tangible shopping experience.

The Otto Group has been involved in corporate venturing activities for more than fifteen years, making it a strong partner for technology leaders, pioneers and start-ups. With close cooperation and an established network, the Group keeps its finger on the pulse of the times, recognizes trends at an early stage and uses the transfer of expertise to further develop its own business.

In order to achieve competitive technological expertise, the Otto Group focuses in particular on employee training and is an attractive employer for IT specialists.

Creating a culture of performance – a diverse group of companies with entrepreneurial employees who achieve exceptional results:

The goal is to further develop a clearly performance-oriented corporate culture. The focus is on ambition, effectiveness and the responsibility of each individual. This corporate culture promotes entrepreneurial spirit, courage and decisiveness.

The Otto Group encourages and demands inspiring, ambitious and resilient employees who are aware of their diverse roles and committed to modern management standards. Management and employees regard the diversity of origins and perspectives as an enrichment and advocate mindful and respectful coexistence.

The Otto Group is underpinning the transformation with the generational change at the level of the shareholders, the Executive Board and the management of the Group companies.

Strategic goals and measurement of achievement of targets

The goal of Strategy 2030 is a scalable, high-performance portfolio of strong, competitive, technology-driven Group companies that act responsibly and inspire customers. This is underscored by above-average customer satisfaction, achievement of greenhouse gas emission targets, internationalization of the Otto Group's corporate portfolio, expansion of the market share with the Otto Group's relevant concepts, increasing the Otto Group's capital efficiency, ensuring sufficient profitability and maintaining good financial performance.

Specifically, the achievement of targets is monitored using a deliberately focused set of strategic key figures:

Net promoter score (NPS) to achieve competitive customer satisfaction

The Otto Group focuses on its customers. The goal is to build long-term relationships with customers by putting their needs at the center of our activities. The creation of outstanding experiences should inspire customers. This is the clear ambition of the Otto Group. NPS is the relevant indicator for measuring customer satisfaction. It measures the willingness to recommend (net promoters). NPS target values are defined annually and specifically for the various Group companies of the Otto Group, taking into account the respective competitive environment and the associated trade-off between customer satisfaction and costs. The goal is to ensure lasting competitive customer satisfaction.

Near-term science-based target

In the Otto Group, around 97% of greenhouse gas (GHG) emissions are attributable to production in the upstream supply chain, transportation and the use phase of products. The Group is aiming to reduce these GHG emissions by 42% by the end of the 2031/32 financial year (compared to the 2021/22 financial year). For the achievement of GHG emission targets, please refer to the sustainability strategy and its content in the Sustainability section.

Geographical revenue and earnings distribution for the internationalization target

Internationalization is being pursued by dynamically expanding into additional European markets and the USA. The long-term goal is to reduce the dependence of revenues and earnings on the main sales market of Germany and to diversify the distribution of revenues and earnings even more across the different business models of the Otto Group.

Revenue to increase market share

In order to further increase the Otto Group's market share with relevant concepts, the Group is aiming to achieve long-term revenue growth in excess of the respective market growth.

ROCE to measure capital efficiency

The Otto Group is aiming for a double-digit ROCE in the long term.

EBIT to measure profitability

In its Strategy 2030, the Otto Group has set itself the goal of significantly increasing profitability – as measured by EBIT – in the Platforms, Brand Concepts, and Financial Services segments.

Debt service ratio and equity ratio to measure financial performance

The long-term goal is to improve the debt service ratio compared to the status quo. The Otto Group also intends to permanently maintain a Group equity ratio of at least 25%.

Financial Report

Macroeconomic and sector-specific conditions

Despite the economic and geopolitical uncertainties, the global economy was in a phase of significant growth in 2025. The global exchange of goods also recorded strong growth despite the restrictive US tariff policy – spurred on not least by the global upturn in AI and the physical infrastructure it requires. At the same time, inflation slowed noticeably, which was accompanied by a global easing of monetary policy to support the economy.

There were noticeable differences in the economic dynamics of the various regions. Overall economic development in the US was robust despite the tariff-related volatility in foreign trade and the government shutdown in the fall of 2025. The economy was supported by a clear upward trend in private consumer spending and capital investment, particularly in the technology sector. This positive impetus more than compensated for declines in residential and commercial construction. In contrast, overall economic development in the euro area was primarily driven by private household and government consumption along with increasing fixed asset investments, while a decline in exports and stagnating production in the manufacturing sector weighed on the overall balance. Due to the pronounced economic weakness in Germany, the overall positive gross value added was noticeably more subdued.

In Germany, slight overall economic growth was recorded again in 2025 after two years of economic decline, although this was significantly held back by falling fixed asset investments and a decline in exports. Significantly increased investments in other systems, primarily including software and research and development, plus government spending on defense were unable to compensate for the deficit in other equipment and construction investments. Exports continued their downward trend in 2025 for the third year in a row; the simultaneous, strong increase in imports consequently led to negative net exports. Government and private consumer spending provided positive impetus. Although consumer prices remained at a moderate level with an inflation rate of 2.2% (2024: 2.2%) and thus benefited real wage growth of 1.9% (2024: 2.9%), the increase in private consumption was mainly driven by a decline in the savings rate, as the consumer sentiment remained fundamentally gloomy. For the year as a whole, private consumer spending increased at an inflation-adjusted rate of 1.6% (2024: 0.5%), which in nominal terms was at 4.2% (2024: 2.9%).

The year-on-year change in real gross domestic product was as follows:

Year-on-year change in real GDP

	2025	2024
	in %	in %
World	3.4	3.4
USA	2.2	2.8
Euro area	1.5	0.9
Germany	0.2	–0.5

Against the backdrop of a fragile macroeconomic environment, the German retail sector as a whole reported an inflation-adjusted year-on-year increase in revenue of 2.7% in 2025 (2024: 1.1%), which nominally was at 3.8% (2024: 2.5%). The upward trend within the German retail sector was reflected accordingly in the German online and mail-order sales sector. According to market research company Euromonitor International, GMV in the e-commerce sector rose by a notable 4.7% in 2025 (2024: 3.0%) to EUR 102.4 billion (2024: EUR 97.8 billion). The upward revenue growth was particularly evident in the Home Appliances and Sport product groups, while demand for Textile (excluding Sport) products was below average.

The German transport and logistics industry was also significantly affected by the uncertain macroeconomic developments in 2025. Exports have been unable to keep pace with the dynamics of international trade for some time now, which was reflected in a 1.3% decline in total transport volumes in Germany (2024: –1.7%).

In addition to the fiercely competitive market environment that continues to prevail, the development of wage costs and energy prices in particular had a noticeable effect on the German transport and logistics sector. The general level of costs in German goods transport remained on an upward trajectory in 2025. Increasing shipment volumes in the online and mail-order sales sector continued to result in high capacity utilization at parcel delivery companies. The associated necessary demand for personnel, despite a rise in unemployment, met with the persisting shortage of skilled workers in distribution logistics, which has further intensified due to demographic change. As a result, there was also a significant increase in personnel expenses in 2025 due to collective bargaining agreements and necessary wage adjustments. Although the easing of energy prices continued in 2025 with a decline of 2.4%, the energy component was still 40% higher overall than its price level in 2020.

The development of the receivables management industry was influenced by existing political and economic uncertainty. According to the Bank Lending Survey, the lending guidelines for corporate and consumer loans were significantly tightened, in particular due to reduced risk tolerance, higher credit risk and restrictive regulatory and supervisory requirements. In view of the easing inflationary pressure, the European Central Bank lowered key interest rates toward its long-term target of 2.0%, which had a positive impact on demand for credit. In Europe, the market for the purchase of non-performing loans (NPLs) has developed in a stable manner overall. In the European Economic Area, France and Spain account for the largest share of the market volume for non-performing loans, followed by Germany. In Central, Eastern and Southeastern Europe, the share of NPLs as a percentage of total loans continued to decline in most countries, resulting in historically low NPL ratios.

The property market showed initial signs of stabilization in 2025. Although construction investment declined for the fifth year in a row due to persistently high construction prices, the downward trend has already leveled off significantly in comparison to the previous year. This incipient recovery is supported by positive early indicators such as rising new lending and transaction volumes, a significant increase in incoming orders and a sustained upward trend in building permits since the end of 2024.

Course of business

While the market and competitive environment continued to be very challenging for the Otto Group in the 2025/26 financial year, the past financial year as a whole was nevertheless successful for the Otto Group. The challenges were caused by the ongoing tense trade and geopolitical situation and unsettled consumer sentiment in key sales markets. In addition, the competitive environment remained challenging as well.

In the 2025/26 financial year, the Group had a stable customer base of around 42 million active customers worldwide, in line with the previous year[4]. In Germany alone, around 27 million customers shopped in the Otto Group's various concepts, similar to the previous year. Despite the persistent gloomy consumer sentiment, the number of active customers increased in individual activities.

The reported revenue in the 2025/26 financial year shows a decline. In view of the challenging environment, however, the Group was able to achieve stable revenue on a comparable basis at the previous year's level. As in the previous year, the Otto Group maintained its existing focus on profitability and liquidity. As a result, in the 2025/26 financial year, further increased cost discipline, partly as a result of restructuring programs but also through operational improvements, resulted in a

[4] The active customers are B2C customers in the Platforms, Brand Concepts and Retailers segments, who have been active in the past twelve months, such as by placing an order in an online store. The number of active customers at the Otto Group level is calculated by adding the active customers in the individual subgroups.

clearly noticeable improvement in earnings, which was reflected in the reported EBITDA and EBIT.

The OTTO e-commerce platform in the Platforms segment, among others, made a significant contribution to earnings. After achieving a turnaround in the previous year and reporting positive EBIT, EBIT increased significantly again in the past financial year. Hermes Germany GmbH achieved a further significant increase in operating profits in the Services segment, although it continues to generate losses. The EOS Group in the Financial Services segment and the Crate and Barrel Group in the Brand Concepts segment continued to make the largest operating contribution to EBIT at a high level.

The Otto Group's consolidated financial statements for the 2025/26 financial year were significantly influenced by two completed portfolio measures: The sale of all About You shares on 11 July 2025 led to a sharp decline in revenue in the Platforms segment, but it also had a clearly positive effect on the Group's EBIT. The acquisition of the shares held by Advent International in Hermes Germany GmbH and the control obtained at the end of the calendar year led to a high positive consolidation effect on EBIT at the time of full consolidation.

In addition, in terms of EBIT, the 2025/26 financial year was burdened with considerable restructuring expenses to further optimize cost structures and adjust business models. These mainly related to the Platforms and Services segments – but also to Brand Concepts and Retailers.

Overall, the positive development of the Otto Group is reflected in a significant increase in EBIT in the 2025/26 financial year. Driven by operational progress, particularly at the OTTO e-commerce platform and Hermes Germany GmbH, in the 2025/26 financial year the Otto Group recorded its best result since the very successful financial years during the coronavirus pandemic.

Financial performance as measured by the debt service ratio remained at the previous year's level in the 2025/26 financial year due to increased earnings power and a simultaneous increase in net financial debt.

Position of the Otto Group

Financial performance

The Group's financial performance

The key indicators from the consolidated income statement can be summarized as follows:

Consolidated income statement (short form)	2025/26	2024/25
	EUR million	EUR million
Revenue and income from customer financing	13,751	14,888
Earnings before interest, tax, depreciation and amortization (EBITDA)	1,132	916
Earnings before interest and tax (EBIT)	641	276
Earnings before tax (EBT)	457	311
Profit for the year	**312**	**165**

The Otto Group's revenue in the 2025/26 financial year was EUR 13.8 billion, representing a reported decline of 7.6% and thus below the previous year's level. On a comparable basis, i.e., adjusted for exchange rate effects and changes in the scope of consolidation, revenue remained stable at the previous year's level with an increase of 0.4%. The main effect from the change in the scope of consolidation has to do with the deconsolidation of About You in the 2025/26 financial year. Moreover, the development of the US dollar exchange rate also had a negative impact on revenue.

With a considerably higher share of 61.7% (2024/25: 58.3%) in the Otto Group's revenue, Germany remained the Group's most significant regional sales market in the 2025/26 financial year. The rest of Europe accounted for 20.3% (2024/25: 23.8%) of revenue, while the USA contributed 16.9% (2024/25: 17.0%) to Otto Group revenue. The revenue figures per region are as follows:

Revenue by region

	2025/26 EUR million	2024/25 EUR million	Change in %	Adjusted in %
Germany	8,489	8,679	–2.2	1.1
Rest of Europe	2,798	3,537	–20.9	–1.9
USA	2,320	2,524	–8.1	0.3
Other regions	144	148	–2.7	5.7
Group	**13,751**	**14,888**	**–7.6**	**0.4**
Domestic	8,489	8,679	–2.2	1.1
Foreign	5,262	6,209	–15.3	–0.7

Revenue growth in the Group's major sales markets was mixed.

In the main sales market of Germany, the Group companies OTTO and About You – until its sale – in the Platforms segment as well as the Witt Group and bonprix Group in the Brand Concepts segment achieved relevant revenues. While the Group company OTTO increased its revenue in Germany, the revenue of the Witt Group's German activities remained at the previous year's level with the integration of the plus-size brand Sheego. In contrast, the bonprix Group recorded a year-on-year decline in revenue in Germany, partly as a result of the general consumer sentiment and the increased competitive environment from Asia. On a comparable basis – i.e., taking into account the sale of About You – revenue in the main sales market of Germany increased.

In the rest of Europe, it was primarily the EOS Group, the bonprix Group, About You until its sale, the Witt Group, the Otto Austria Group and the Freemans Grattan Group in the UK that generated relevant revenues, although the reasons mentioned for the main sales market of Germany also had an impact on the region's revenue growth, including for the bonprix Group. Due to the adjustment of About You, the decline in revenue on a comparable basis in the rest of Europe was significantly lower.

The decline in revenue in the USA was mainly due to the development of the US dollar exchange rate, and also to the shutdown of the loss-making business operations of Venus Fashion, Inc. – part of the bonprix Group – accompanied by the sale of the inventory, brand rights and customer base. On a comparable basis, revenue in the USA remained at the previous year's level. The Crate and Barrel Group played a significant role in this: It was able to increase its revenue in local currency in the 2025/26 financial year despite the challenging environment, particularly with regard to the US administration's trade policy.

Average sales per employee remained at the previous year's level of EUR 0.4 million.

In line with the sales trend, the Group's gross profit fell in absolute terms by EUR 412 million to EUR 6,878 million. This corresponds to a decline of 5.7%. The decline in gross profit was therefore less pronounced than the reported drop in revenue. The main contribution to the relative improvement in gross profit was made by the OTTO e-commerce platform. Its gross profit generally benefited from rising partner commissions as a result of the expansion of the marketplace business and the increase in other service revenues, which are not offset by any significant cost of materials, along with a further increase and optimization of gross profit in the company's own trading business.

Other operating income declined considerably by EUR 101 million to EUR 382 million in the 2025/26 financial year. This decline was mainly the result of a reversal of impairment losses in the previous year on previously impaired assets in the amount of EUR 156 million in connection with the sale of About You. Other operating expenses fell by EUR 399 million compared to the previous year to EUR 3,921 million. Personnel expenses also declined. These declines are related to the sale of About You. In addition, personnel expenses were also affected by the reduction in the number of employees[5] as a result of cost-cutting and efficiency enhancement programs. This was offset by further restructuring expenses and severance payments in the Platforms, Services, Brand Concepts and Retailers segments, which weighed on personnel expenses. In total, there were restructuring-related expenses of around EUR 102 million in the 2025/26 financial year (2024/25: around EUR 95 million), which were mainly incurred in the area of personnel expenses and to a slight extent within other operating expenses.

The income (loss) from equity investments amounted to EUR 149 million in the 2025/26 financial year, representing a considerable increase of EUR 245 million. This development is largely attributable to Hermes Germany GmbH in the Services segment, which had a total impact of EUR 166 million on the income (loss) from equity investments in the 2025/26 financial year. The full consolidation of Hermes Germany GmbH led to a positive consolidation effect of EUR 221 million at the time of full consolidation. In addition, the pro rata loss to be accounted for using the equity method until full consolidation in the 2025/26 financial year of EUR 55 million plus the EBIT contribution as of the date of full consolidation of EUR –34 million was significantly lower than the pro rata loss of EUR 177 million reported in the previous year. The previous year was characterized by restructuring expenses, yet Hermes Germany GmbH was also able to achieve a significant operational improvement in the 2025/26 financial year. Acting in the opposite direction on the development of income (loss) from equity investments was the income-effective reversal of a deferred income item in other liabilities in the amount of EUR 82 million in the previous year in the course of the sale of the shares in Evri Limited in the UK.

As a result of the progress in operating earnings, particularly at the OTTO e-commerce platform and Hermes Germany GmbH, and the above-mentioned effects, earnings before interest, tax, depreciation and amortization (EBITDA) amounted to EUR 1,132 million in the 2025/26 financial year, which was substantially above the previous year's EBITDA figure of EUR 916 million.

Depreciation and amortization of intangible assets, property, plant and equipment and right-of-use assets fell by EUR 149 million to EUR 491 million in the 2025/26 financial year. While scheduled depreciations amounted to EUR 380 million, below the previous year's level of

[5] A more detailed presentation is found in the Corporate Responsibility section.

EUR 493 million, non-scheduled depreciations fell from EUR 147 million to EUR 111 million. The decrease in scheduled depreciations was mainly the result of About You, which was already classified as a disposal group in accordance with IFRS 5 in the previous year. The non-scheduled depreciations on derivative goodwill in the amount of EUR 56 million recognized in the 2025/26 financial year related to the Digital Health segment, which is not subject to reporting requirements. The non-scheduled depreciations on derivative goodwill in the previous year amounting to EUR 96 million related to About You. Further impairment losses on other intangible assets and property, plant and equipment in the amount of EUR 55 million were mainly attributable to the Services segment and resulted primarily from various assets with limited usability at different warehousing locations of the Hermes Fulfilment Group. In the prior year, impairment losses were recognized on other intangible assets, property, plant and equipment and rights of use, primarily due to site closures in the Services segment and the discontinuation of an IT transformation project in the Retailers segment.

EBIT in the 2025/26 financial year was significantly influenced by the operational development of the OTTO e-commerce platform. This made a high positive contribution to earnings and was able to significantly increase earnings in comparison to the previous year. Moreover, the EOS Group in the Financial Services segment and the Crate and Barrel Group in the Brand Concepts segment made a clearly positive contribution to earnings, stabilizing their EBIT at a high level. EBIT in the 2025/26 financial year was negatively impacted by significant restructuring expenses and non-scheduled depreciations totaling around EUR 213 million. The restructuring expenses had a particular impact on personnel expenses. The ongoing focusing of the company portfolio and the implementation of restructuring measures are a key factor for the future viability of the Otto Group and contribute to the Group's goal of financial robustness. The previous year included restructuring and closure expenses of around EUR 180 million, which mainly related to personnel expenses, the income (loss) from equity investments and non-scheduled depreciations.

At EUR 641 million, EBIT in the 2025/26 financial year was significantly higher than the previous year's EBIT of EUR 276 million, taking into account the effects described above. The EBIT margin amounted to 4.7%, compared to 1.9% in the previous year.

In the 2025/26 financial year, the Group's net financial result amounted to EUR –184 million, which represents a significant decline of EUR 219 million compared to the previous year's figure of EUR 35 million. The net interest income (expense) improved by EUR 33 million in the 2025/26 financial year. By contrast, the other net financial result fell significantly. It amounted to EUR –68 million after EUR 184 million in the previous year. In the previous year, a positive contribution of EUR 354 million from the sale of the shares in Evri Limited in the UK was included in the other net financial result. In contrast, there was a charge of EUR 38 million in the 2024/25 financial year from the valuation of a put option held by non-controlling interests on the shares in Hermes Germany GmbH. In the 2025/26 financial year, the other net financial result mainly involved bank charges, which were lower than in the previous year, and income from venture investments, which increased by EUR 39 million compared to the previous year.

Earnings before tax (EBT) in the amount of EUR 457 million represented a significant rise of EUR 146 million compared to the previous year's figure of EUR 311 million.

Despite an increase in earnings before taxes (EBT), income tax expenses in the 2025/26 financial year amounted to EUR 145 million (2024/25: EUR 146 million) and were therefore at the previous year's level. Income in jurisdictions with effective tax rates below the Group tax rate of 30% and increased adjustments for deferred tax assets in the previous year led to an improved tax rate defined as the ratio of income taxes to EBT.

The net profit for the 2025/26 financial year increased by EUR 147 million to EUR 312 million (2024/25: EUR 165 million).

Financial performance of the segments

Revenue/EBIT

	Revenue		EBIT	
	2025/26	2024/25	2025/26	2024/25
	EUR million	EUR million	EUR million	EUR million
Platforms	5,636	6,511	144	19
Brand Concepts	4,751	5,145	174	158
Retailers	1,604	1,683	–43	–56
Services	619	419	140	–153
Financial Services	1,075	1,060	469	470
Non-reportable segments and other activities	66	70	–56	–32
Holding/Consolidation	0	0	–187	–130
Group	**13,751**	**14,888**	**641**	**276**

Platforms

The revenue of the Platforms segment in the 2025/26 financial year contributed a relevant share of 41.0% (2024/25: 43.7%) to the revenue of the Otto Group. The development of revenue in the 2025/26 financial year was significantly influenced by the deconsolidation of About You. As a result, reported revenue was significantly below the previous year's level, with a decrease of 13.4%; adjusted for the effects of changes in the scope of consolidation, however, there was a significant increase of 6.8%.

The most important markets for the Platforms segment are Germany and the rest of Europe.

Until its deconsolidation, the Group company About You contributed EUR 0.8 billion (2024/25: EUR 2.0 billion) to the revenue of the Platforms segment in the 2025/26 financial year. The significant increase in revenue on a comparable basis was mainly attributable to the OTTO e-commerce platform. In addition to the company's own strong trading business, the growing marketplace and the successful area of related services with its service revenues continued to contribute to the positive development. The OTTO e-commerce platform reported an increase in revenue of 8.0% to around EUR 4.8 billion. The marketplace business is growing very dynamically and has become highly relevant for the business performance of the e-commerce platform.

According to the market research company Euromonitor International, the GMV in German e-commerce increased by 4.7% in 2025. The OTTO e-commerce platform was able to continue its positive development in this growing market: The growth rate of the GMV in the 2025/26 financial year, which includes not only retail sales but also the revenue generated by marketplace partners on the e-commerce platform in particular, corresponds to an increase of 6% compared to the previous year. This means that the growth rate is above the market trend.

Gross profit in the Platforms segment amounted to EUR 2,388 million after EUR 2,679 million in the previous year. It should be noted that the sale of About You resulted in a year-on-year decline in all key income and expense items in the Platforms segment. In total, the deconsolidation of About You resulted in an EBIT relief of EUR 56 million, which was made up of various influencing factors. In addition to the operating loss of About You, which was only factored in on a pro rata basis until the time of deconsolidation in the 2025/26 financial year, the significant impairment losses and reversals of impairment losses of About You in the previous year amounting to a net EUR –37 million no longer applied. The OTTO e-commerce platform recorded clearly positive business performance. The considerable expansion of non-merchandise-related revenue components, such as partner commissions and other service revenues, also supported the increase in gross profit significantly. After the OTTO e-commerce platform achieved a turnaround in the previous year and generated positive EBIT, EBIT increased significantly once again in the past financial year. Overall, EBIT in the Platforms segment improved from EUR 19 million in the previous year to EUR 144 million in the 2025/26 financial year.

Brand Concepts

In the 2025/26 financial year, the Brand Concepts segment contributed an unchanged share of 34.6% (2024/25: 34.6%) to the revenue of the Otto Group. Reported revenue fell by 7.7% compared to the previous year. Adjusted for exchange rate effects – very closely related to the development of the US dollar – and effects from changes in the scope of consolidation, the drop in revenue was 3.5% compared to the previous year.

The most important sales markets for the Brand Concepts segment are the USA and Germany.

Reported revenue at the Crate and Barrel furnishings and lifestyle group, which operates in the USA and Canada, fell by 5.3%. However, this development is greatly overstated and weighed down by the weak US dollar exchange rate. Adjusted for exchange rate effects and therefore based on a stable US dollar exchange rate, the Crate and Barrel Group recorded an increase in revenue of 1.6% despite the challenging environment. The bonprix Group, whose product range is predominantly characterized by textiles, recorded a drop in revenue of 15.7% in the 2025/26 financial year, or 13.1% on a like-for-like basis, mainly due to weak demand as a result of subdued consumer sentiment and increasing competition but also due to the shutdown of the loss-making business operations of the Venus brand in the USA in July 2025, which was accompanied by the sale of the inventory, brand rights and customer base. The Witt Group also suffered a drop in revenue of 1.1% in the 2025/26 financial year. The decline is mainly due to the unsettled consumer sentiment but also to the declining effect of catalogs compared to online offers in acquiring new customers. By contrast, the integration of the plus-size brand Sheego had the opposite effect on the reported revenue trend. Transformation projects are underway for the bonprix Group and Witt Group to counter the drops in revenue and to achieve positive business performance in the future.

In line with the drop in revenue in the Brand Concepts segment, gross profit decreased by EUR 191 million. Despite the challenging environment, the operationally very strong Crate and Barrel Group once again made a very significant and further improved contribution to the positive EBIT of this segment compared to the previous year, which compensated for the negative impact on earnings from the other activities in the Brand Concepts segment. The transformation project previously mentioned at the Witt Group involves an extensive IT transformation and the digitization of the business model and includes measures for a more attractive product range and for the transition from catalogs to online offerings. This transformation, together with ongoing restructuring measures in the low double-digit million range to reduce costs, weighed on the Witt Group's EBIT in the 2025/26 financial year. The challenging operational performance of the bonprix Group due to the weak demand development and the high market and competitive pressure in the direct market environment was countered primarily with the ongoing transformation project with an associated refining of the brand positioning and extensive measures to acquire new customers. Nevertheless, the bonprix Group once again weighed on EBIT in the 2025/26 financial year. The discontinuation of the Venus brand activities in the USA, which were still loss-making in the previous year, combined with the sale of the inventory, brand rights and customer base, did not have any further negative impact on EBIT in the past financial year, however. In the previous year, adjustments to the business models had an overall negative impact in the mid double-digit million euro range on the segment's EBIT. In total, the factors outlined above led to an increase in EBIT in the Brand Concepts segment in the 2025/26 financial year from EUR 158 million to EUR 174 million.

Retailers

In the Retailers segment, revenue decreased by 4.7% in the 2025/26 financial year. Adjusted for exchange rate effects – primarily related to the development of the British pound – revenue fell by 4.4% compared to the previous year. This segment's share of the Otto Group's revenue was 11.7% (2024/25: 11.3%).

Germany is the most important sales market for the Retailers segment.

The drop in revenue was mainly due to the Otto Group's retailer network implemented in the 2025/26 financial year, consisting of Baur Versand (GmbH & Co KG) and the Otto Austria Group. In addition, the Limango Group was also unable to maintain the previous year's revenue level, mainly due to the unsettled consumer sentiment. As a result of the development described above, the forecast of revenue in the Retailers segment on a like-for-like basis, which was included in the previous year's Group Management Report, was not achieved. The Group companies of the Frankonia Group, Freemans Grattan Group and Manufactum Group, on the other hand, were able to withstand the difficult market situation and experienced positive development in terms of revenue, supported in part by sales promotion measures.

Gross profit decreased by EUR 37 million as a result of the drop in revenue in the Retailers segment and a simultaneous near-proportionate decrease in purchased goods and services. In contrast, other operating expenses and personnel expenses fell by a total of EUR 54 million. In the previous year, restructuring expenses as part of the European network of Otto Group retailers formed in the 2025/26 financial year weighed on EBIT through personnel expenses. The network involves the strategic bundling of the retail activities of the Baur Group and Otto Austria Group in the European markets of Germany, Austria and Switzerland. Even though this network of retailers was able to leverage synergies in some areas in the 2025/26 financial year and improve its earnings compared to the previous year, it continued to contribute negative EBIT to the earnings of the Retailers segment. The Freemans Grattan Group also closed out the financial year with better earnings than the previous year despite expenses from sales promotion measures, supported only by one-off positive effects, yet also failed to make a positive contribution to EBIT in this segment. Overall, there was an improvement in EBIT in the Retailers segment from EUR –56 million to EUR –43 million in the 2025/26 financial year.

Services

In the Services segment, the external sales performance reported in the Otto Group's consolidated income statement only reflects the business performance of this segment to a limited extent: On the one hand, the Hermes Fulfilment Group currently provides warehousing and returns processing services almost exclusively for Otto Group companies, meaning that these activities are not reported in the Otto Group's consolidated revenue. For another, revenue from the parcel distribution activities of Hermes Germany GmbH was not included in the Otto Group's consolidated financial statements until 31 December 2025 because it is accounted for using the equity method. As a result of the change in the method of consolidation in the Group, Hermes Germany GmbH contributes to the segment's reported revenue trend for the months of January and February 2026. In terms of external sales, the Services segment recorded a reported increase from EUR 419 million to EUR 619 million in the 2025/26 financial year, which corresponds to an increase of 47.7%. On a like-for-like basis, i.e., taking into account in particular the period-appropriate inclusion of the external revenue of Hermes Germany GmbH and the intragroup revenue with About You in the previous year, there was a decline of 8.9%. The forecast of an average increase in revenue on a like-for-like basis contained in the previous year's Group Management Report was therefore not achieved. This was due in particular to the fact that the forecast of very significant sales growth at SupplyX GmbH did not materialize. External sales in the Services segment contributed 27.8% toward the segment's total revenue in the 2025/26 financial year (2024/25: 27.7%). External revenue as a percentage of Group revenue climbed to 4.5% compared to 2.8% in the previous year.

The segment's EBIT increased by EUR 293 million to EUR 140 million in the 2025/26 financial year.

The steep increase in EBIT in the Services segment in the 2025/26 financial year was primarily due to the full consolidation of Hermes Germany GmbH since 1 January 2026. In the 2025/26 financial year, the full consolidation of Hermes Germany GmbH had a positive effect of EUR 221 million, which resulted from the revaluation of a loan classified as part of the net investment and previously impaired and from the reversal of a deferred income item. At the same time, the pro rata loss to be accounted for using the equity method until full consolidation in the 2025/26 financial year of EUR 55 million plus the EBIT contribution as of the date of full consolidation of EUR –34 million was significantly lower than the pro rata loss of EUR 177 million reported in the previous year. The previous year was characterized by restructuring expenses, yet Hermes Germany GmbH was also able to achieve a significant operational improvement in the 2025/26 financial year. In contrast, impairment losses on other intangible assets and property, plant and equipment in the amount of EUR 48 million had a negative impact on EBIT in the Services segment in the 2025/26 financial year. They resulted primarily from various assets at different warehousing locations of the Hermes Fulfilment Group. In addition, the previous year was heavily impacted by implemented and planned closures of logistics locations. In total, these restructuring and closure expenses had a negative impact of around EUR 100 million on the Services segment's EBIT in the previous year. In contrast, the sale of the shares in Evri Limited in the UK had a positive effect on EBIT in this segment in the previous year due to the associated reversal of a deferred income item of EUR 82 million through profit or loss.

Financial Services

In the 2025/26 financial year, the Financial Services segment recorded revenue of EUR 1,075 million, a rise in reported revenue of 1.4%. Adjusted for exchange rate effects, the previous year's revenue in the Financial Services segment was narrowly exceeded with growth of 0.6%. The segment's share in the Group's revenue amounted to 7.8%, which is slightly over the previous year's figure of 7.1%. The EOS Group, the dominant group in this segment, reported steady revenue growth and was able to increase revenue by 1.6% – and 0.8% on a comparable basis.

EBIT for the Financial Services segment was EUR 469 million in the 2025/26 financial year (2024/25: EUR 470 million) and therefore at the previous year's level. As in previous years, the EOS Group's continued high level of profitability contributed substantially to this segment's EBIT and slightly exceeded the earnings in the previous year. Due to the stable cost structure in comparison to the previous year, the EOS Group's stable revenue growth had a corresponding effect on EBIT.

Non-reportable segments and other activities

The non-reportable segments and other activities include, among other things, the activities in the non-reportable Digital Health segment, the venture activities and the real estate companies of the Forum Group.

The EBIT of the non-reportable segments and other activities decreased from EUR –32 million to EUR –56 million in the 2025/26 financial year. In this segment, the non-reportable Digital Health segment had a negative impact on earnings due to a non-scheduled depreciation on derivative goodwill in the amount of EUR 56 million.

Holding

The holding contains the overarching costs of Group functions which were not reliably attributable to the above-mentioned segments.

The holding's EBIT amounted to EUR –187 million in the 2025/26 financial year, compared to EUR –130 million in the 2024/25 financial year. This includes significant restructuring and transformation expenses in the 2025/26 financial year.

Financial position

Cash flows, investments and liquidity

Consolidated cash flow statement (short form)

	2025/26	2024/25
	EUR million	EUR million
Gross cash flow from operating activities	1,136	964
Change in working capital	–605	–35
Other parts of cash flow from operating activities	–119	–119
Cash flow from operating activities	**412**	**810**
Capital expenditures on purchases of intangible assets and property, plant and equipment	–217	–271
Other parts of cash flow from investing activities	145	715
Cash flow from investing activities	**–72**	**444**
Free cash flow	**340**	**1,254**
Cash flow from financing activities	–136	–1,257
Net increase/decrease in cash and cash equivalents	**204**	**–3**
Changes in cash and cash equivalents due to foreign exchange rates	–7	13
Reclassification with regard to disposal groups	155	–140
Cash and cash equivalents at beginning of period	562	692
Cash and cash equivalents at end of period	**914**	**562**

Cash flow from operating activities

The Otto Group's cash flow from operating activities amounted to EUR 412 million in the 2025/26 financial year and was thus significantly below the corresponding previous year's figure of EUR 810 million. Despite an improved gross cash flow from operating activities, this development is almost entirely attributable to changes in working capital. Following a slight increase in the previous year, working capital increased significantly overall in the 2025/26 financial year, resulting in a cash outflow from working capital of EUR 605 million. This led to a significant reduction in cash flow from operating activities.

This development is mainly due to the increase in receivables from financial services at the EOS Group in the Financial Services segment. The EOS Group's main operational investing activities are the acquisition of receivables and property portfolios. These acquisitions are part of the development of working capital and are not reported as traditional investments in cash flow from investing activities. Due to its opportunistic investment strategy and the market conditions, the EOS Group once again expanded its receivables management activities in the 2025/26 financial year and made significantly higher portfolio investments compared to the previous year, especially in the purchase of unsecured and secured receivables packages. Portfolio investments were increased in all regions relevant to the EOS Group, with significant growth realized in Western and Central Europe in particular.

There was also an increasing effect on working capital within the other assets and liabilities. Various factors had an impact here. Offsetting effects on the development of working capital resulted from the development of trade receivables, which declined in the Platforms segment in particular. In contrast, inventories at Group companies in the retail-related Platforms, Brand Concepts and Retailers segments and in the Financial Services segment remained constant compared to the previous year and had little impact on the development of working capital. For example, the inventories of the OTTO e-commerce platform in the Platforms segment remained at the previous year's level despite the realized revenue growth.

Cash flow from operating activities is significantly influenced by payments for the purchase of receivables and property portfolios and, to a lesser extent, for the granting of bridge loans by the EOS Group and is therefore also shown adjusted for these payments. At EUR 1,014 million in the 2025/26 financial year, the EOS Group's payments relevant for the adjustment were significantly higher than the previous year's figure of EUR 856 million. Adjusted for these payments made, the corresponding cash flow in the 2025/26 financial year was EUR 1,426 million, slightly under the previous year's figure of EUR 1,666 million.

Consolidated cash flow statement (short form)

	2025/26 EUR million	2024/25 EUR million
Cash flow from operating activities	412	810
Payments for the purchase of receivables, property portfolios, and the granting of bridge loans by the EOS Group	1,014	856
Cash flow from operating activities (adjusted for payments for purchases by the EOS Group)	**1,426**	**1,666**

Cash flow from investing activities

The Otto Group's cash flow from investing activities amounted to EUR –72 million in the 2025/26 financial year and was significantly below the corresponding previous year's figure of EUR 444 million. In the 2025/26 financial year, it was mainly shaped by payments of EUR 217 million for investments in intangible assets and property, plant and equipment and, in the opposite direction, by sales and acquisitions of consolidated affiliated companies, which generated net cash inflows of likewise EUR 217 million. The sale of all About You shares in July 2025 resulted in a total cash inflow of EUR 334 million, consisting of the purchase price of EUR 452 million paid by the buyer and the offsetting effect of the cash and cash equivalents of About You sold as part of the transaction. This cash inflow was offset by payments of EUR 118 million for the acquisition of the 25% share in Hermes Germany GmbH held by Advent International at the end of 2025. In the previous year, cash flow from investing activities was significantly influenced by proceeds from the disposal of other financial assets in the amount of EUR 818 million.

On the one hand, this was due to the purchase price payment of EUR 441 million from the sale of Cofidis shares that had already taken place in the 2023/24 financial year. For another, a purchase price payment of EUR 351 million was made from the sale of the remaining shares in Evri Limited, which operates in the parcel distribution business in the UK, in the 2024/25 financial year.

The payments for intangible assets and property, plant and equipment included in cash flow from investing activities amounted to EUR 217 million in the 2025/26 financial year (2024/25: EUR 271 million) and were mainly attributable to the Platforms, Brand Concepts and Services segments. The investments made were predominantly expansion investments. The share of expansion investments in the 2025/26 financial year was around 60% (2024/25: 62%). Investments in intangible assets and property, plant and equipment by segment are as follows:

Investments according to segments	2025/26	2024/25
	EUR million	EUR million
Platforms	19	48
Brand Concepts	77	57
Retailers	16	13
Services	445	97
Financial Services	10	9
Non-reportable segments and other activities	16	13
Holding	7	16
Group (as reported in the segment reporting)	**590**	**253**
Adjustment in investments due to changes in the scope of consolidation in the Services segment	–378	0
Other adjustments*	5	18
Group (as reported in the consolidated cash flow statement)	**217**	**271**

* In the previous year, due to the presentation of About You as a disposal group in accordance with IFRS 5, About You's investments in intangible assets and property, plant and equipment are only included in the segment reporting in the Platforms segment until the end of the third quarter. However, the payments for investments in intangible assets and property, plant and equipment included in cash flow from investing activities cover the entire previous year and, in the 2025/26 financial year, the pro rata payments made up to the date of the deconsolidation of About You in July 2025.

In the Platforms segment, the investments made in the 2025/26 financial year focused on the continued technological development of the OTTO e-commerce platform. In addition to future technologies and customer-oriented artificial intelligence, investments were primarily made in the further development of the existing IT infrastructure, including for improving the connection of logistics functionality. The intent is to continuously improve the shopping experience for customers on the e-commerce platform and further optimize the services offered, such as next-day delivery. At OTTO Payments GmbH, which acts as a payment service provider for processing payments on the OTTO e-commerce platform, relevant investments were also made in the development of internally generated software in the area of customer and partner processes in the payment environment. In addition, enhanced functionalities were developed for the payment process. In the previous year, the Platforms segment still included high investments by About You in the further development of the IT infrastructure and the optimization of the online store.

In the Brand Concepts segment, the Crate and Barrel Group in the USA and Canada accounts for the vast majority of investments in intangible assets and property, plant and equipment. Significant investments were made in the supply chain to optimize and expand the logistics infrastructure and in existing and new over-the-counter locations. In the 2025/26 financial year, existing locations were extensively modernized and four new locations were opened, including in West Palm Beach and Charlotte. At the same time, investments were made in the further development of the IT infrastructure and the online store.

Another focus of investments in intangible assets and property, plant and equipment in the 2025/26 financial year was on warehousing activities in the Services segment. With its warehousing activities and locations in Germany, Poland, the Czech Republic, Italy and Switzerland, the Hermes Fulfilment Group plays a key role in the Otto Group's trading activities. In the 2025/26 financial year, considerable investments were made in AI and in digitization and automation projects at various locations in Germany in order to significantly expand the activities in the field of robotics that began in the 2023/24 financial year, among other things. In addition, subsequent investments were made in the existing warehouse management software for the Ilowa location in order to further optimize it and adapt it to changing requirements. In the previous year, the Hermes Fulfilment Group still made relevant investments due to the completion of the construction of the two logistics locations in Altenkunstadt, Bavaria, and Ilowa, Poland. Further investments in the Services segment were made in Hermes Germany GmbH, which also plays a key role in the Otto Group's retail activities with its trading activities. In the 2025/26 financial year, investments were made in the IT infrastructure, including for the further development of existing software, and in the procurement of new scanners for the parcel shops and parcel delivery. In addition, the conveyor technology was further developed at existing locations in Germany. Since the investments in intangible assets and property, plant and equipment made by Hermes Germany GmbH have only been included in the consolidated financial statements since the date of full consolidation, they are only included on a pro rata basis in the 2025/26 financial year and still play a subordinate role in the analysis of the Services segment.

The investments in intangible assets and property, plant and equipment shown in the segment reporting in the 2025/26 financial year include high cash-neutral additions resulting from changes in the scope of consolidation in the Services segment due to the acquisition of the shares in Hermes Germany GmbH held by Advent International at the end of 2025 and the associated full consolidation. For a corresponding reconciliation to the payments for intangible assets and property, plant and equipment included in the cash flow from investing activities, these cash-neutral additions of EUR 378 million were adjusted out.

Cash flow from financing activities

After the previous-year figure of EUR 1,254 million, the Otto Group's free cash flow amounted to EUR 340 million in the 2025/26 financial year due to the developments described above. This change in free cash flow had a significant impact on the cash flow from financing activities, which, at EUR –136 million, was significantly higher than the previous year's figure of EUR –1,257 million. The cash flow from financing activities in the 2025/26 financial year was significantly influenced by the Group's financial liabilities, both from bonds and other notes payable as well as bank liabilities. In total, there was a significant net increase in financial liabilities of EUR 513 million, compared to a net reduction of EUR 669 million in the previous year. The net increase in financial liabilities was not fully reflected in the change in net financial debt. In particular, the recapitalization of Hermes Germany GmbH at the end of the 2025/26 financial year had a corresponding effect that did not impact net financial debt due to the simultaneous increase in cash and cash equivalents. In addition to the development of financial liabilities, cash flow from financing activities in the 2025/26 financial year was influenced by reductions in and additions to equity. The repayment in April 2025 of a subordinated bond with a nominal volume of EUR 248 million recognized in Group equity was offset by net inflows from equity contributions by non-controlling interests in the amount of EUR 148 million, which were attributable to the cooperation between EOS Group companies and co-investors, giving the EOS Group additional investment opportunities on the market to invest in unsecured and secured receivables packages and in properties. Cash flow from financing activities was also characterized by payments for interest and bank charges and the net repayment of lease liabilities. In addition, dividends were paid to the shareholders of Otto GmbH & Co. KGaA and to non-controlling shareholders. In the previous year, the dividends paid were significantly influenced by dividends paid to non-controlling interests of the Argosyn Group as a result of the purchase price payment from the sale of Cofidis shares in the 2023/24 financial year.

The Otto Group's net financial debt increased by EUR 274 million in the 2025/26 financial year and, at EUR 2,369 million, was above the previous year's figure of EUR 2,095 million. The increase in net financial debt was primarily driven by the full consolidation of Hermes Germany GmbH in the Services segment and the repayment of a subordinated bond reported in Group equity in April 2025. In addition to the purchase price payment for the acquisition of the shares held by Advent International, there were relevant liquidity-neutral effects due to the liabilities from leases accounted for by Hermes Germany GmbH. The purchase price payment from the sale of all About You shares in July 2025 had an offsetting effect on net financial debt. In addition to these special factors, the development of net financial debt in the 2025/26 financial year was influenced by the development of operating cash flows in the segments. Very high operating cash flows were generated in the Platforms segment by the OTTO e-commerce platform and again in the Financial Services segment by the EOS Group. This was offset in the Services segment by the existing financing requirements of Hermes Germany GmbH, in part due to the ongoing restructuring. In addition, the operating cash flow of the Retailers segment was significantly burdened once again overall due to the operating business performance of individual Group companies.

The Group's net financial debt in the 2025/26 financial year changed as follows:

Net financial debt	28.02.2026 EUR million	28.02.2025 EUR million
Bonds and other notes payable	251	388
Bank liabilities	1,762	1,225
Lease liabilities	1,058	944
Other financing liabilities	212	100
Financial debt	**3,283**	**2,657**
Less cash and cash equivalents	–914	–562
Net financial debt	**2,369**	**2,095**

Capital structure

The comparability of the Otto Group's consolidated balance sheet on 28 February 2026 with the previous year is significantly influenced by the full consolidation of Hermes Germany GmbH in the 2025/26 financial year. In the previous year, current provisions and liabilities also included a relevant amount of liabilities held for sale from the About You disposal group presented in accordance with IFRS 5.

Financing	28.02.2026		28.02.2025	
	EUR million	in %	EUR million	in %
Equity	4,439	34	4,909	37
Non-current provisions and liabilities	3,810	29	3,553	26
Deferred tax	81	1	83	1
Current provisions and liabilities	4,605	36	4,907	36
Total equity and liabilities	**12,935**	**100**	**13,452**	**100**

The Otto Group's equity was reduced by EUR 470 million to EUR 4,439 million in the 2025/26 financial year, which resulted in a slight decline in the Group equity ratio with total assets lower than in the previous year as well. It has decreased from 36.5% in the previous year to 34.3% on 28 February 2026.

The decrease in Group equity in the 2025/26 financial year is mainly due to the effects of the sale of all About You shares, which involved the corresponding deconsolidation of the equity attributable to non-controlling interests in the amount of EUR 450 million. There were also equity-reducing effects from the repayment of a subordinated bond reported in Group equity in the amount of EUR 248 million. The profit for the year of EUR 312 million had an offsetting effect. In addition, as part of the cooperation between EOS Group companies and co-investors, equity contributions from non-controlling shareholders amounting to EUR 148 million were recorded as the net amount of incoming and outgoing payments.

Non-current provisions and liabilities increased by EUR 258 million or 7.2% in comparison to the previous year to EUR 3,810 million. This increase is primarily due to financial liabilities and lease liabilities. The Group's non-current financial liabilities increased by a total of EUR 116 million. Bank liabilities increased significantly by EUR 387 million. The issuing of promissory note loans on the promissory note market with a total volume of EUR 240 million in the 2025/26 financial year had a corresponding effect here. The promissory note loans were issued with different terms of three, five and seven years. In contrast, liabilities from bonds fell significantly by EUR 271 million. In addition to the reclassification of a bond maturing in the 2026/27 financial year with a nominal volume of EUR 50 million to current provisions and liabilities, a bond with a nominal volume of EUR 221 million also originally maturing in the 2026/27 financial year was repaid early in the 2025/26 financial year. Lease liabilities increased by EUR 78 million in the 2025/26 financial year. An exchange rate-related decline at the Crate and Barrel Group in the Brand Concepts segment was offset by a significant increase in lease liabilities due to the full consolidation of Hermes Germany GmbH in the Services segment.

Current provisions and liabilities declined by EUR 302 million, or 6.2%, to EUR 4,605 million in the 2025/26 financial year. The significant decrease is due in particular to the elimination of the liabilities held for sale of EUR 742 million included in the previous year, which were attributable to the disposal group About You presented in accordance with IFRS 5. The Group's financial liabilities had an offsetting effect on the development of current provisions and liabilities, which increased considerably by a total of EUR 284 million. On the one hand, the increase in current liabilities from bonds and other notes payable in the amount of EUR 135 million resulted in the aforementioned reclassification of a bond maturing in the 2026/27 financial year with a nominal volume of EUR 50 million to current liabilities. On the other, short-term bonds with a nominal volume of EUR 90 million were utilized under the commercial paper program as of 28 February 2026 (28 February 2025: no utilization). Bank liabilities included in current provisions and liabilities also increased by EUR 149 million. The overall increase in the financing volume is due, among other things, to the recapitalization of Hermes Germany GmbH at the end of the 2025/26 financial year. Trade payables in the 2025/26 financial year were almost on a par with those of the previous year. Trade payables were reduced in the retail-related Platforms and Brand Concepts segments. In contrast, there was a significant offsetting effect in the Services segment against the backdrop of the full consolidation of Hermes Germany GmbH.

Key performance indicators on financial position

The debt service ratio remained at the previous year's level in the 2025/26 financial year due to the increase in cash EBITDA and the simultaneous increase in the Group's net financial debt, showing a sideways movement. On 28 February 2026, as in the previous year, it would theoretically take 1.3 years to fully pay off the net financial debt (including lease liabilities) using the cash EBITDA.

The decrease in reported Group equity combined with a simultaneous increase in the Group's net financial debt led to a slight increase in the debt to equity ratio. This was 0.5 on 28 February 2026 (28 February 2025: 0.4)

ROCE increased significantly to 8.5% by 28 February 2026 (28 February 2025: 3.3%). The average capital employed fell by EUR 832 million to EUR 7,559 million, while EBIT increased significantly by EUR 365 million to EUR 641 million, with a corresponding impact on the ROCE.

Otto Group's credit metrics		2025/26 (28.02.2026)	2024/25 (28.02.2025)
Group equity ratio	in %	34.3	36.5
Net financial debt	in EUR million	2,369	2,095
EBITDA	in EUR million	1,132	916
Plus adjustments (total repayments on receivables packages, repayments from sales proceeds from the sale of properties and repayments on bridge loans granted and reduced by non-cash value adjustments from IFRS 9)	in EUR million	705	704
Cash EBITDA	in EUR million	1,837	1,620
Debt service ratio (Net financial debt/cash EBITDA)	in years	1.3	1.3
Debt to equity ratio (Net financial debt/Group equity)	Ratio	0.5	0.4
ROCE (EBIT/average capital employed)	in %	8.5	3.3

Net assets

The comparability of the consolidated balance sheet on 28 February 2026 with the previous year in the context of describing the net assets is significantly influenced by the full consolidation of Hermes Germany GmbH on 1 January 2026. In the previous year, current assets also included significant assets held for sale from the About You disposal group presented in accordance with IFRS 5.

The total assets of the Otto Group can be broken down by maturity as follows:

Assets	28.02.2026		28.02.2025	
	EUR million	in %	EUR million	in %
Fixed assets	4,978	38	4,664	34
Other non-current assets	2,392	18	2,121	16
Deferred tax	198	2	228	2
Current assets	5,367	42	6,439	48
Total assets	**12,935**	**100**	**13,452**	**100**

The total assets of the Otto Group can be broken down by segment as follows:

Total assets by segment	28.02.2026		28.02.2025	
	EUR million	in %	EUR million	in %
Platforms	2,429	19	2,319	17
Brand Concepts	2,040	16	2,281	17
Retailers	1,665	13	1,716	13
Services	2,090	16	1,431	11
Financial Services	3,578	28	3,249	24
Non-reportable segments and other activities	1,721	13	1,907	14
Holding/Consolidation	–2,071	–16	–2,285	–17
Segment assets (as in segment reporting)	**11,452**	**89**	**10,618**	**79**
Assets not included in segment assets	1,483	11	2,834	21
Total assets	**12,935**	**100**	**13,452**	**100**

Non-current assets (fixed assets and other non-current assets) represent a relevant share of the Group's total assets with EUR 7,370 million (28 February 2025: EUR 6,785 million). Broken down by segment, the Platforms, Brand Concepts, Services and Financial Services segments account for the majority of the Otto Group's total assets. Goodwill in intangible assets accounts for EUR 1,332 million (28 February 2025: EUR 1,228 million), of which EUR 757 million (28 February 2025: EUR 757 million) are attributable to the Platforms segment, EUR 144 million (28 February 2025: EUR 169 million) to the Brand Concepts segment and EUR 244 million (28 February 2025: EUR 70 million) to the Services segment. Property, plant and equipment in the amount of EUR 1,644 million (28 February 2025: EUR 1,590 million) mainly has to do with the Services segment's logistics infrastructure of the Hermes Fulfilment Group, mostly in Poland and Germany, along with the Forum Group's properties. In addition, right-of-use assets, especially from the lease of land, land rights and buildings, represent a significant portion of fixed assets. The right-of-use assets amounted to EUR 912 million (28 February 2025: EUR 803 million), of which EUR 430 million (28 February 2025: EUR 506 million) is attributable to the Brand Concepts segment. These predominantly relate to the leased over-the-counter and logistics locations of the Crate and Barrel Group in the USA and Canada. Other important right-of-use assets exist in the amount of EUR 267 million (28 February 2025: EUR 70 million) in the Services segment and mainly relate to the leased logistics locations of Hermes Germany GmbH. Receivables from financial services in the amount of EUR 2,170 million (28 February 2025: EUR 1,858 million), which are fully attributable to the Financial Services segment relate to the receivables packages acquired by the EOS Group, constitute another focal point within non-current assets. Inventories accounted for EUR 1,729 million of current assets (28 February 2025: EUR 1,778 million) and thus account for a relevant share and are mainly recorded in the retail-related segments. Of the inventory, EUR 539 million is attributable to Group companies in the Platforms segment (28 February 2025: EUR 539 million) and EUR 723 million to Group companies in the Brand Concepts segment (28 February 2025: EUR 741 million). In the previous year, the assets held for sale of the disposal group About You presented in accordance with IFRS 5 were also included in the amount of EUR 1,752 million.

The total assets reported in the consolidated balance sheet of the Otto Group decreased in the 2025/26 financial year by 3.8%, or EUR 517 million, to EUR 12,935 million on 28 February 2026.

At EUR 7,370 million, non-current assets were EUR 585 million higher than the previous year's figure of EUR 6,785 million. The 8.6% increase is mainly due to two factors. On the one hand, the full consolidation of Hermes Germany GmbH resulted in significant additions from changes in the scope of consolidation for intangible assets, property, plant and equipment and right-of-use assets. It also led to the recognition of derivative goodwill in the amount of EUR 173 million. On the other, the significant increase in receivables from financial services had an impact on non-current assets. The EOS Group expanded its receivables management activities in the 2025/26 financial year and significantly increased the corresponding portfolio investments compared to the previous year. In contrast to the non-current assets, current assets decreased by EUR 1,072 million to EUR 5,367 million in the 2025/26 financial year. This corresponds to a significant decrease of 16.6%, which is due in particular to the assets held for sale of the disposal group About You presented in accordance with IFRS 5 in the previous year. In contrast, there were greater offsetting effects within current assets in cash and cash equivalents, the increase in which is due to the recapitalization of Hermes Germany GmbH at the end of the 2025/26 financial year, and in other assets. In terms of working capital, inventories were largely constant overall and remained almost at the previous year's level in the retail-related segments. In the Platforms segment, the OTTO e-commerce platform was able to stabilize inventories at the previous year's level despite the revenue growth realized in the 2025/26 financial year. At the Crate and Barrel Group, which is part of the Brand Concepts segment, inventories in US dollar terms increased significantly in comparison to the previous year, in particular due to the inclusion of import duties, although there was a slight decrease based on the euro due to exchange rate developments. The bonprix Group, which also belongs to the Brand Concepts segment, slightly increased its inventories to strengthen the availability of goods.

Overall assessment

The Executive Board of the Otto Group considers the 2025/26 financial year to be successful.

Despite the unsettled consumer sentiment, the difficult macroeconomic environment and the continued focus on profitability and liquidity, the Otto Group succeeded in stabilizing the revenue at the previous year's level on a comparable basis.

At the EBITDA level, considerable progress was made in operating profitability. In addition, the 2025/26 financial year was significantly influenced by two major portfolio measures, the deconsolidation of About You and the full consolidation of Hermes Germany GmbH, while a variety of ongoing business optimization processes had a negative impact on earnings. Overall, there was a significant increase in reported EBIT.

The debt service ratio remained at the previous year's level in the 2025/26 financial year due to increased earnings power and a simultaneous increase in net financial debt.

Overall, the Otto Group was able to achieve the financial targets set at the Group level in the previous year. This was largely successful for the sales-related targets at the segment level.

The following table compares the actual development of the Otto Group's relevant financial indicators in the 2025/26 financial year with the corresponding indicators forecast in the Group Management Report for the 2024/25 financial year.

Comparison of forecast and actual development

		Forecast for the 2025/26 financial year	Actual development in the 2025/26 financial year
Revenue*	Group	Stable, at previous year's level (2024/25: EUR 14.9 billion)	+0.4%
	Platforms segment	Medium increase (2024/25: EUR 6.5 billion)	+6.8%
	Brand Concepts segment	Slight reduction (2024/25: EUR 5.1 billion)	–3.5%
	Retailers segment	Stable, at previous year's level (2024/25: EUR 1.7 billion)	–4.4%
	Services segment	Medium increase (2024/25: EUR 0.4 billion)	–8.9%
	Financial Services segment	Stable, at previous year's level (2024/25: EUR 1.1 billion)	+0.6%
Earnings before interest and tax (EBIT)	Group	Mid-three-digit million euro amount	EUR 641 million
Debt service ratio	Group	Stable, at previous year's level (2024/25: 1.3 years)	1.3 years

* On comparable basis

Opportunities and risks report

Governance systems

As a family business, the Otto Group operates according to the values enshrined in its Code of Ethics: respectful treatment of one another and responsible, fair and sustainable actions. These values are part of the corporate culture that is embodied and shaped by the employees in their daily work. Behavior that complies with the rules builds primarily on values and cohesion. The value-driven management of risk and opportunity is an integral element of the Otto Group's corporate strategy.

To this end, the Otto Group has designed and established various governance systems based on the "Three Line Model." At the heart of this model is the idea that those entrusted with operational control (1st line) implement measures and checks, based on their risk assessment and with due consideration of specifications. In regard to topics with risk exposure, the 2nd line (monitoring) introduces specifications and monitors the effectiveness of the measures and checks. The 3rd line (auditing) ensures independent review of risk management by the 1st and 2nd lines.

The following provides a more detailed description of the individual governance systems, namely the risk management system, the internal control system, the compliance management system, and the internal audit system:

Risk management and internal control system

All Group companies in which the Otto Group directly or indirectly holds 50% or more of the voting rights, or over which it is able to exercise a controlling influence, are included in the risk management system pursuant to Group-wide guidelines and directives of the risk management system—referred to hereinafter as the RMS—and the internal control system—referred to hereinafter as the ICS. Risks are collated from the bottom up, i.e., incrementally from the individual Group companies through the sub-groups up to Group level. The purpose of the RMS is to enable rapid risk identification, so that, where possible, targeted measures can be taken or checks established right away in order to either reduce the likelihood of occurrence or limit the possible repercussions of these risks on the Group's net assets, financial position and financial performance in the event of such risks materializing. The high degree of transparency in terms of risks and measures displayed in a single tool enables Group companies to exploit reciprocal synergy effects.

The relevant process implemented for this comprises the following steps:

Identification and evaluation

The risk assessment is carried out at least once a year by the Group. It covers risks for the entire current financial year and the following one. For the risk assessment, the risk areas relevant to the business activities of the Group companies must be identified by using the risk catalog stored in the RMS tool. Risks reported by the respective Group companies and/or divisions are assessed in terms of their likelihood of occurrence and possible impact. The potential loss amount is assessed quantitatively and supplemented by qualitative assessment dimensions. The Otto Group applies standardized methods for this purpose. This assessment is carried out both in gross terms before risk control measures and in net terms. In addition, validation measures performed by the Otto Group's holding functions support the substantive quality of the risk reports. In addition, the risks are examined for their potential to damage the Group's reputation, as well as violations in respect of compliance. Potentially extreme risks from the Group's perspective are also identified and evaluated to complete the risk inventory. An extreme risk is defined as one that, based on a very low likelihood of occurrence, may lead to highly negative effects (extreme events). This risk survey is oriented toward macroeconomic and political environment analyses and crisis scenarios.

Management and monitoring

Risk managers are tasked with developing and implementing suitable risk-reducing measures and making the most of opportunities in their respective areas of responsibility. Additionally, they develop a general strategy for handling identified risks. These strategies include risk avoidance, risk reduction with the aim of minimizing the effect or likelihood of occurrence, transfer of risk to third parties or risk acceptance. The decision to implement the relevant strategy for managing a risk also takes into account the costs associated with the effectiveness of any planned risk-reducing measures. Corresponding controls are derived and their effectiveness is documented.

Reporting

Risks are included in reporting according to individually established materiality limits. The risks reported in the annual risk inventory are presented at the meetings of the Advisory Boards of the respective Group companies. In addition, the Otto Group's risk-bearing capacity is also determined in each financial year, and a Monte Carlo simulation is carried out to calculate the overall risk exposure. The Group Executive Board and the Supervisory Board are notified of potential threats to the company's continued existence as a going concern, as well as of relevant developments in risk management. Ad-hoc risk reporting makes it possible to inform the Group Executive Board immediately if new material risks occur at any other time than the official reporting times named.

Responsibility for risk management lies with the Group Executive Board and the management teams of the Group companies. The close interlocking of the risk management system (RMS) with the internal control system (ICS) and the Financial Controlling/Reporting divisions ensures the effectiveness of the RMS. Furthermore, the structure of the compliance management system and the regular monitoring performed on it ensure that the relevant legal requirements and internal company guidelines are also complied with. The RMS is under constant development by the management division with organizational responsibility, in cooperation with Otto Group Holding's Risk Management division, and is reviewed by the Group Audit division.

Accounting-related internal control system

The accounting-related ICS is an integral part of the Otto Group's ICS and takes its requirements into account.

The Otto Group's accounting-related ICS's aim is to ensure the correctness of Group accounting and financial reporting. It is intended in particular to ensure that all business transactions are recorded in the accounts promptly, uniformly, and correctly on the basis of applicable standards, accounting regulations, and internal Group rules. Accounting errors should be avoided or material misstatements detected in a timely manner.

The Otto Group's consolidated financial statements are prepared on the basis of a centrally defined conceptual framework. It essentially comprises the following organizational and technical measures, in which all Group companies are included.

The centrally prescribed Group guideline and supplementary reporting instructions are consistent with the relevant IFRS regulations and the binding Group-wide specifications for the exercise of elective rights and structuring options. They ensure that the IFRS accounting standards are applied uniformly and throughout the Group.

Moreover, a uniform group chart of accounts is mandatory for all Group companies. Data reporting for preparing the consolidated financial statements is carried out at the detail level of this chart of accounts. Its purpose, together with the Group Guideline, is to ensure the proper and uniform preparation of the Otto Group's consolidated financial statements, and it is therefore an integral part of the internal controls for financial reporting.

The Otto Group Holding's Group Controlling & Accounting division reviews the relevance of reforms in international accounting standards in a timely manner, and their implementation is announced to the Group companies in good time, such as in monthly newsletters, and implemented centrally.

Finally, the uniform Group-wide management of the financial statements process, as part of a centrally managed financial statements calendar, guarantees a structured accounting process.

The IFRS individual financial statements (reporting packages) of the Group companies included in the consolidated financial statements are prepared either locally by the Group company or by a shared service center. They are then recorded in a uniform system. Automatic plausibility checks and system-side validations of the data are used as quality assurance measures in the data collection process. Consolidation then takes place at a central location using additional software. The systems are established software products that have been audited for compliance. Moreover, access permissions are defined in the accounting-related IT systems to protect against unauthorized access. The latter is carried out in accordance with the Otto Group's information security regulations.

At the Group level, the Otto Group Holding's Group Controlling & Accounting division checks the accuracy and reliability of the IFRS individual financial statements reported by the Group companies.

Once all consolidation steps have been finalized, both the consolidated financial statements and the Group Management Report are prepared by the Otto Group Holding's Group Controlling & Accounting division with the involvement of other specialist divisions. Several quality reviews are performed on the consolidated financial statements and the Group Management Report during the preparation process. The members of the Group Executive Board then approve the final version for publication.

Compliance management system

The purpose of the Otto Group's Compliance Management System (CMS) is to firmly integrate compliance into all business processes. To this end, relevant compliance risks are identified and evaluated, and measures are implemented to prevent breaches of the rules. The effectiveness of these measures is regularly reviewed and continuously improved.

The Compliance Committee, chaired by the Member of the Executive Board for Finance, Controlling, Human Resources is the central body of the CMS. Among others, the risk functions of the Otto Group are represented on this committee. The members of the Compliance Committee define the Otto Group's CMS and the binding requirements for all Group companies. The Group companies each have their own decentralized compliance organizations that are oriented to Group-wide requirements and standards.

Compliance issues are technically anchored in various Group divisions. The Otto Group has defined core compliance issues of Group-wide significance that are managed by central issue owners. Compliance in the Otto Group is not limited to these core issues, however, but takes into account the wide range of challenges facing the Otto Group. In addition, the processes are continuously subjected to critical review and examination, and new compliance risks are integrated into the CMS structures.

The Otto Group has set up a whistleblower system to identify and pursue misconduct and infringements at an early stage and to take remedial action. All employees and external parties have the option to report violations of laws and internal regulations through various channels – including anonymously.

Internal audit system

(Internal) Auditing provides independent and objective auditing services, and in doing so supports the Group Executive Board and the management teams of the Group companies in their monitoring duties. Auditing is focused on creating added value by contributing to guarantee the regularity, efficiency, and security of processes as well as to protect assets and prevent reputational damage. To this end, the audit examines the effectiveness of the RMS, the ICS, and the CMS in particular, as well as the monitoring processes, and helps with their improvement.

The Otto Group's internal audit system—referred to hereinafter as the IRS—is described in a Group Guideline and stipulates that the audit requirements of the Group Executive Board (sovereign perspective) and the respective management teams for their Group company (local perspective) must be determined on a risk-oriented basis and adequately covered.

Auditing activities are carried out by taking into account the scope and risk exposure of the business processes and applies to all operational Group companies. General audits are carried out regularly at these Group companies; in particular, the audits include compliance with the management regulations. The ICS, RMS, CMS and other operational processes and risk topics are also audited.

Audit procedures are conducted in accordance with the Standards for the Professional Practice of Internal Auditing and, in particular, the Code of Ethics of the Institute of Internal Auditors. Recommendations are inferred to eliminate the identified deficiencies and limit the identified risks, and their execution is then monitored (follow-up).

A quality assurance and improvement program is in place to promote the effectiveness of the Otto Group's IRS and compliance with the Institute of Internal Auditors' Code of Professional Conduct. Included in this in particular is the regular (usually every five years) commissioning of external quality reviews. The most recent quality review was performed by an auditing company in February 2024. It confirmed the effectiveness of the Otto Group's IRS.

Opportunity management

The Otto Group's strategic agenda, which is based on five strategic priorities, enables the further expansion of existing strengths both nationally and internationally and opens up opportunities despite the still challenging market environment. Targeted investments in high-growth and profitable business models such as the OTTO e-commerce platform, the Crate and Barrel Group and the EOS Group strengthen the Otto Group's future viability, as do transformation projects with the goal of increasing the Group's profitability in order to thereby create further financial flexibility. This is in line with the strategic priorities of "Scale & diversification" and "Profitability & investment capability."

A key differentiating factor in the competitive environment and therefore an opportunity is the focus on responsibility in line with the shareholder vision "Responsible commerce that inspires." This clear value proposition in particular supports the strategic priority "Inspired customers" through customer-oriented offers, seamless shopping experiences and a credible commitment to social, environmental and digital responsibility. The assumption of responsibility has been part of the Otto Group's identity for decades and positions the Group as a credible player in terms of sustainability, especially in contrast to Asian competitors.

The Otto Group sees further opportunities in the area of customer-centric innovations and in the development of the strategic priority "Competitive tech capabilities," specifically in the use of artificial intelligence (AI), for example. The potential for the use of AI in the Otto Group extends across all segments and ranges from improving the shopping experience in the online stores, developing new business models in the context of agentic commerce and optimizing internal processes, among other things, to increasing efficiency and boosting personal, individual productivity. Supported by the strategic priority "Performance culture" with a focus on ambition, effectiveness and responsibility, opportunities can be identified, prioritized and effectively implemented more quickly.

Corporate venturing activities are also a very relevant element within the strategic priority "Competitive tech capabilities." The Group participates in market and sector-specific developments through strategic cooperations with over 300 investments and a strong network. This opens up opportunities through the transfer of expertise and the development of innovative impulses for the Otto Group.

Risks report

The following report provides an overview of the main risks and indicates their significance for the Otto Group. Since last year's risk report, risk management has been using an enhanced methodology to assess and present the Group's top risks. The Otto Group assesses both short-term risks, the effects of which may occur within the next two financial years, and long-term risks, the significant effects of which may become apparent over a period of three to five years or more. The assessment of long-term risks as top risks is based on qualitative trend assessments.

Different possible developments are simulated for each short-term risk. The average loss of the most unfavorable scenarios is calculated from these simulations. This value forms the basis for prioritizing the Otto Group's top risks. Risks with an average worst-case loss of at least EUR 20 million are considered top risks.

Threshold values

	Low	Moderate	High	Very high
Impact on EBT in the average worst case in EUR million	5 – < 20	20 – < 50	50 – < 100	> 100

Due to the further development of the valuation methodology, extreme individual assumptions are weighted less heavily. In individual cases, this leads to a lower risk classification compared to the previous year, without the underlying risk profile having changed significantly.

Insofar as opportunity components were also determined in the scenario analysis in addition to the risk analysis, they are evaluated in the same way according to the methodology stated above.

Short-term risks

Changed market environment and economic downturn

In the 2025/26 financial year, the market environment in the Otto Group's key sales markets continues to be characterized by a high degree of uncertainty. Geopolitical and trade tensions have a potentially dampening effect on investment and consumption decisions. Unforeseeable disruptions within global economic interdependencies can lead to unpredictable effects on international trade and overall economic development. In particular, the aforementioned tensions include the military attack by the USA and Israel on Iran in February 2026 and the associated closure of the Strait of Hormuz, the ongoing conflict resulting from the Russian war of aggression on Ukraine and the trade policy measures announced by the US administration since spring 2025, which have largely been implemented, including the expansion of customs measures to other countries and economic regions. In its forecast for the coming financial years, the Otto Group has taken into account the macroeconomic and sector-specific conditions along with the ongoing volatility and the associated uncertainties. The risk of a sudden economic downturn – such as one triggered by crises – that exceeds the magnitude implicitly factored into the forecasts through risk discounts is rising from a high to a very high level.

There is a high loss potential due to the relevant B2C share of the Otto Group, which is particularly sensitive to economic cycles. This applies in particular to the German economy, as a significant proportion of revenue and fixed costs are incurred here. Declining or stagnating B2C revenue also has an indirect impact on retail-related service areas – particularly supply chain, fulfillment and distribution – as declining volumes impact capacity utilization and thus profitability along the value chain.

In order to counter the risks of the challenging market environment, the Otto Group is pursuing a consistent mix of measures consisting of active portfolio management, financial resilience and diversification. Essentially, central Group companies are being further transformed in order to increase their resilience and performance. These include the expansion of the OTTO e-commerce platform (with the three revenue pillars of trading business, marketplace and services), ambitious investments at the Crate and Barrel Group in the further development and expansion of the over-the-counter locations and in technological developments with the goal of improving customer experience, along with ongoing investments in the EOS Group. In addition, earnings and cash flows are secured by structurally reducing fixed costs in large parts of the portfolio. The Group also reduces risk potential through its international positioning, broad presence across several sales channels, the strengthening of B2B business and diversification with regard to business models. Regular market and economic analyses as an early warning system and active portfolio management with recurring reviews of profitability, future viability and strategic fit ensure ongoing adaptability, thereby increasing the Otto Group's resilience.

Loss of assets

There are risks in connection with the war launched by Russia in Ukraine. Despite the withdrawal of the Otto Group's trading activities from Russia, there is still a very high risk there that affects an EOS Group company. This risk relates in particular to possible further legal (disposal) restrictions imposed by Russian legislation, which could have an impact on the EOS Group's relevant assets there.

Impairment losses

The risk of impairment losses of About You's assets has been eliminated by the sale of all About You shares.

However, other impairment losses on non-current assets, including goodwill, are primarily dependent on operating performance and planning for the coming financial years and therefore cannot be ruled out. External factors can influence this development and the planning assumptions and also have an impact on the capitalization rate. Due to the potentially significant impact on earnings, the Otto Group classifies this risk as very high.

Procurement and supply chain

The gradual resumption of delivery traffic through the Suez Canal planned for the beginning of 2026 was postponed again due to the Iran conflict. Freight is therefore still being transported on the longer route around Africa. It remains to be seen how the geopolitical situation will develop. No improvement in freight rates and delivery times is expected in the short term as a result of this development. Against this backdrop, it can be assumed that the reliability of the timetables will not improve for the time being.

The global political environment continues to influence the Otto Group's situation: The Iran conflict with repercussions in the Middle East, the threat of interventions in global energy flows and structural shifts in trade flows are increasingly influencing international procurement networks. In addition, trade tensions, protectionist measures and potential trade policy escalations are shaping the environment and influencing capacity planning and cost trends.

The fact that the supply of global transport capacity is expected to grow faster than demand for container freight in 2026 has a positive effect on price trends.

At the same time, the risk of further geopolitical conflicts with direct effects on the Otto Group's relevant supply chains remains. Due to moderately growing macroeconomic demand, there were no significant shortages in the availability of goods in Germany in the financial year 2025/26. Such shortages are not expected in the 2026/27 financial year either, although the overall economic situation is challenging for many companies, meaning that insolvencies of individual suppliers can still be expected. In high-risk situations, the Otto Group can ensure consistently stable availability of goods through the use of Group-wide task forces and thus respond to insolvencies of key suppliers at an early stage. The Otto Group is able to act as flexibly as possible in the event of bottlenecks or disruptions thanks to its transport and procurement networks. However, macroeconomic and political uncertainties have a potentially major impact on international trade as well as on costs, availability and supply routes. For example, US customs and trade policy still represents a potential financial risk that is being closely monitored within the Otto Group. The current overall situation, which is characterized by increasing geopolitical instability, structural market volatility and rising regulatory pressure, increases the likelihood of risks occurring in the area of procurement along the supply chain and represents a very high risk for the Otto Group.

Information security and IT

The widespread use of information technology due to the high degree of digitization within the Otto Group significantly increases the need to protect information. Besides the requirements for the confidentiality, integrity, and availability of information that is stored and processed in electronic systems, the demands placed on the related IT systems are growing as well.

Risks in connection with unauthorized data access and data misuse (cybercrime) – as well as interruptions or disruptions to key business processes due to IT malfunctions – are among the main risks for the Otto Group. They may have a high impact on earnings and, despite extensive protective measures and compliance with the applicable regulatory requirements, are classified as high. Reputational damage may also ensue as an indirect consequence of the risk.

The Otto Group's protections against information security and IT risks build on a comprehensive security strategy that includes both organizational and technical measures.

With regard to the organizational measures, the Otto Group has a complete, Group-wide IT governance framework with guidelines and principles that continuously ensure compliance with legal and regulatory requirements. This includes communication, awareness and training. Other measures include regular internal audits and security reviews, along with the development and implementation of Group information security minimum standards for all cloud and on-premises applications.

The technical aspects of the security strategy include firewall systems at different levels, the use of virus scanners, and access controls at the operating system and application level. Compliance with Group-wide security standards is monitored on a regular basis. Moreover, internal and external experts conduct security tests, and any measures inferred from this are rigorously implemented.

Due to the foreseeable further increase in the digitization of the Otto Group's business processes, protecting it against cyber risks will remain fundamental to achieving business goals in the future. The use of AI makes attacks more numerous and technically more sophisticated. Although the Otto Group's protective measures are also becoming more efficient thanks to AI, attackers benefit even more from these technological developments. It can therefore be assumed that the risk of cybercrime will remain high in the long term.

For example, data center operations by the Group company Otto Group one.O GmbH[6] are divided into a primary data center, which is operated externally as a co-location, and the data center operation at the Otto Group in Hamburg-Bramfeld for use as a secondary data center. The external co-location and the network back-end infrastructure therefore meet the highest Tier 3+ standards. Business-critical systems are run redundantly in two data centers. This also applies to the important datasets, which are permanently mirrored across both data centers. Datasets are regularly backed up as well.

With a view to minimizing risks, all systems developments are carried out in separate environments and subjected to a comprehensive range of tests before being adopted for operation in live situations. They are not used for day-to-day operations until they have been approved. The domestic SAP systems are operated independently by the Group company Otto Group one.O GmbH on the cloud resources of a hyperscaler. All hosting partners are audited based on defined criteria, including processes and service performance. Otto Group one.O GmbH has been certified as an SAP Customer Center of Expertise, which attests to its technical and functional expertise as well as to process-related excellence.

Legal and regulatory risks

In particular, there are risks from regulatory changes with a direct impact, such as adverse decisions by authorities or court rulings, and the implementation of proposed legislation, which may require adjustments to the operating business model and could result in potential losses of revenue and fines. Typical examples of this are fines in connection with the GDPR or the prohibition of certain business practices in the event of data protection violations. The Group considers the risk of such adverse developments to be high. Due to the ongoing liquidation and repayment of existing customer balances in customer accounts, any compliance risks in connection with customer accounts no longer represent a significant risk.

Financial risks

The Otto Group's global orientation also exposes it to a number of financial risks.

The Group is exposed to a counterparty credit risk when contractual partners default on agreements. In a narrower sense, counterparty credit risk refers to the risk inherent in a borrower or counterparty defaulting or partly defaulting on liabilities vis-à-vis the Otto Group due to a deterioration in its financial situation.

[6] The Group company Otto Group one.O GmbH and the associated Group companies in Germany, Spain, Taiwan and India act as the Otto Group's central service provider for technology and strategy consulting along the entire digital value chain.

Suitable credit control systems are used to hedge credit risks, taking into account a reasonable risk segmentation of the customer portfolios. The risk segmentation is continuously adjusted. Risk management also includes regularly reviewing credit activities for business model-specific risks arising from changes in the macroeconomic environment. Existing response mechanisms are adjusted as needed. Furthermore, the Otto Group only works with commercial banks that have adequate credit metrics for reducing counterparty credit risk. The default risk is reduced to a reasonable level due to this qualitative selection process and a balanced banking portfolio. The Financial Risk Controlling department uses a variety of instruments to review the credit metrics of the Otto Group's banks on a regular basis.

The liquidity risk for the Otto Group has to do with not having sufficient funds at its disposal to meet its agreed payment obligations or with the possibility that the liquidity required cannot be obtained based on anticipated conditions.

The Otto Group's financial management system ensures that the Group's liquidity is maintained at all times. It also ensures that the Otto Group has sufficient funds at its disposal for its operations and investments. In principle, refinancing instruments may include not only all money and capital market products but also leasing and factoring. The contracts for central corporate financing are concluded without financial covenants, which provides the Otto Group with a high degree of financial stability even in the event of a temporary deterioration in key figures. The Otto Group has a diversified banking portfolio and a comfortable buffer of free credit lines. Thanks to close, long-term relationships with banks, the Otto Group is in a position to react flexibly to changing conditions and to hedge its liquidity needs, even in a volatile financial market environment. In addition to the banking market, the Otto Group has access to various capital market instruments to cover its financing requirements. In summary, the content of the underlying refinancing risk remains unchanged. The risk is no longer reported as high, however, but as medium risk. The change in the risk classification compared to the previous year is methodologically driven and results from the lower weighting of extreme individual assumptions in the new valuation logic.

Liquidity requirements at the Otto Group are determined in the form of an at least quarterly liquidity budget with a planning period of up to 24 months, a monthly liquidity budget for the current financial year and a daily budget with a horizon of at least four weeks. All budgets are regularly reviewed for variances.

In the Otto Group, market risks within the meaning of IFRS 7 are restricted to currencies and interest rates. Significant foreign currency risks arise from payments received in a foreign currency from customer business and from payment obligations to suppliers that need to be settled in a foreign currency. The latter primarily occurs when goods are purchased in US dollars or Hong Kong dollars and then sold in euros. Interest rate fluctuation risks arise in connection with the gains or losses incurred on interest-bearing items when interest rates change.

Currency and interest rate fluctuation risks are hedged by refinancing in the same currency and with the same maturity. Any remaining risks from open foreign currency and interest rate items are evaluated using appropriate risk assessment methods. They are then further reduced as needed, mainly by using forward exchange contracts and currency options and also with interest rate swaps. The fundamental goal of risk management is to limit the impact of market price fluctuations on cash flows to an acceptable level. An independent risk monitoring team examines the appropriateness and effectiveness of the control measures and compliance with reference rates and/or internal settlement rates. The remaining foreign currency risk is classified as low due to the use of hedging transactions.

Regarding the concentration of financial risks, refer to the Notes to the consolidated financial statements (see Notes to the consolidated financial statements as of 28 February 2026, Note (36) Financial instruments).

Turnarounds
The Otto Group remains exposed to the risk that the envisaged realignment of individual Group companies does not succeed. Due to the changed market environment and increased customer demands, particularly Brand Concepts and Retailers in the Otto Group have come under pressure and have initiated turnaround projects. In addition, a comprehensive restructuring program was launched at Hermes Germany GmbH in April 2025 in the Services segment. Due to the ongoing difficult market conditions, there is also a risk that the Otto Group will have to initiate new turnaround processes or closures. It can therefore be assumed that, while the risk will continue to exist in the longer term, it will decrease going forward. The underlying risk remains unchanged in terms of content due to the potential adverse effects on liquidity and earnings, and also due to the reputational risks of restructuring and company sales. The risk is no longer reported as very high, however, but now as medium risk. The lower risk classification compared to the previous year is due to a further development of the valuation methodology. Risk assessment is now conducted on the basis of simulation-based procedures, which allow for a more accurate mapping of the range of possible outcomes. This approach also takes into account extraordinary but unlikely developments without having a disproportionate impact on the overall risk profile. Overall, there have been no significant changes in the substantive risk assessment or in the quantitative effects.

Long-term risks

Geopolitical changes
The current global tensions and crises remain a key risk driver for the Otto Group's value chain and affect various areas of the Group. Since the 2025/26 financial year, they have therefore been recognized directly in the risk categories in which they have an impact, including Procurement and Supply Chain, Information Security, IT and Market Environment and Economic Downturn.

Geopolitical changes can have a significant impact on the Otto Group's risk situation.

Nature and climate
Climate change entails a variety of relevant physical risks along the Otto Group's value chain. These include more frequent and more intense extreme weather events such as heat waves, droughts, storms and floods, which can lead to direct cost effects due to supply chain disruptions (in the supply chain and in our own logistics processes), to damaged infrastructure and to resource and water shortages.

In the context of increasing sustainability requirements and the transition to a low-carbon economy, relevant transition risks will arise in the long term as a result of the necessary conversion of business models and processes in order to meet increasing sustainability requirements and environmental conditions. These can entail risks in the area of customer behavior, reputational risks and technological and market risks.

Disruptive market trends
In the long term, digital customer access in retail may fundamentally shift if Generative Personal Assistants (GPAs), such as ChatGPT, increasingly act as "gatekeepers" between customers and offerings. GPAs integrate central elements of traditional e-commerce directly into their interface, such as product search and comparison, and will continue to develop even further going forward. The result is agentic commerce, in which agents act autonomously on behalf of users, such as by negotiating within defined guidelines or making purchasing decisions. As a result, product discovery and purchase completion are potentially shifting away from established store and platform interfaces toward GPA ecosystems – and a new platform competition is emerging for the decisive entry points of the purchasing process. This can be accompanied by increased price pressure and potential margin losses. The Otto Group and its retail-related companies analyze and evaluate these developments on an ongoing basis. To mitigate this risk, the Otto Group is pursuing a three-part strategy: Securing customer access, ensuring findability in and connectivity with the GPAs and developing new business models or transforming existing business models that can succeed in agentic commerce.

Increasing regulatory density

Long-term risks mainly arise from the increasing density of regulations and the tendency to punish compliance violations with significant fines. The Otto Group is exposed to various regulatory risks for which the occurrence of serious effects is not expected within the next two years. Such changes can have a lasting impact on existing business models, however. Any violations can result in significant fines or even regulatory requirements, reputational damage and a negative impact on earnings or revenue, particularly in the areas of data protection, antitrust law, sustainability, AI regulation and in connection with the Digital Services Act (DSA) and the Digital Markets Act (DMA).

Despite all the measures taken, the risk of compliance-relevant incidents with a corresponding risk of fines cannot be ruled out in view of the existing legal uncertainties. It is also possible that the number of relevant proceedings will continue to rise as a result of increasing regulatory density. There is also a risk of adverse indirect effects on existing business models. For example, implementation of the DMA by the designated gatekeepers could require adjustments to their business model and thus also have a negative impact on Otto Group companies. Increasing sustainability requirements entail the risk of high, albeit unlikely, fines for serious violations. New standards for AI governance and the stricter liability of online platforms for illegal content by the DSA can also lead to considerable fines for violations.

Overall risk situation

Developments that endanger the continued existence of the company as a going concern are not to be interpreted as merely individual risks threatening the existence of the company but in general as scenarios in which any combination of prevailing risks may endanger the continued existence of the company as a going concern. Given the non-additive nature of risks, developments that endanger the continued existence of the company as a going concern require a risk simulation (Monte Carlo simulation), i.e., a simulation in which several risks occur concurrently, to ensure that they are detected early.

Based on the information currently available, an overall assessment of the Group's risk situation indicates that the Otto Group's continued existence as a going concern is not in jeopardy now and is also unlikely to be so in the future due to either individual risks or the overall risk situation.

Corporate Responsibility

Employees[7]

One of the key factors in the Otto Group's success is its employees. Their wide range of skills, their experience, their capabilities, and their commitment form the basis for the Group's further development.

Calculated on a full-time equivalent basis, the Otto Group employed 34,831 people on average in the 2025/26 financial year (2024/25: 36,304).

[7] The disclosures on the proportion of women in the Employees section were not subject to the audit by the auditor as part of the Group Management Report.

Employees by segment

	2025/26 Number	2024/25 Number	Change in %
Platforms	4,526	5,544	–18.4
Brand Concepts	9,975	10,601	–5.9
Retailers	2,843	2,962	–4.0
Services	9,804	9,334	5.0
Financial Services	5,554	5,605	–0.9
Non-reportable segments and other activities	1,454	1,269	14.6
Holding	675	989	–31.7
Group	**34,831**	**36,304**	**–4.1**
Domestic	20,001	21,334	–6.2
Foreign	14,830	14,970	–0.9

The development of the number of employees in the 2025/26 financial year was significantly influenced by adjustments to the challenging market environment, while the changes in the scope of consolidation did not have a relevant impact on the total number of employees. The overall decline reported was almost entirely attributable to the Otto Group's activities in Germany.

In the reportable segments, the cost-cutting and efficiency enhancement partly initiated in the previous year had an impact on the number of employees at individual Group companies, primarily affecting the Platforms, Brand Concepts and Services segments. The programs implemented in the Services segment included the closure of logistics locations. For all adjustment measures within the Otto Group, socially acceptable solutions are developed for the employees affected and designed together with the employee representatives. Changes in the scope of consolidation also had an impact on the segments. For the calculation of employees, the average number of employees – converted to full-time equivalents – is factored in pro rata temporis in relation to the months of Group affiliation. The deconsolidation of About You in July 2025 therefore led to a pro rata decrease in the number of employees in the Platforms segment, while the full consolidation of Hermes Germany GmbH in January 2026 led to a pro rata increase in the number of employees in the Services segment. In addition, internal Group reorganizations led to shifts across segments. The operational takeover of a logistics location in Poland from the bonprix Group (Brand Concepts segment) by the Hermes Fulfilment Group (Services segment) and the merger of Otto Group Holding service providers with Otto Group one.O GmbH were among the reasons for this. The latter led to a shift from the holding company to the non-reportable segments and other activities.

Since 2018, the Otto Group's human resources strategy has formed the strategic framework for joint HR work. It defines focus areas and priorities that serve as orientation for the strategic direction of the HR departments. These focus areas center on diversity, cultural change, lifelong learning and talent management.

The diversity that exists in a company is a key driver of change and innovation within the Otto Group. The three pillars "Envision, Grow and Embrace" form the basis of the Diversity & Inclusion work (D&I). Since the 2021/22 financial year, the Otto Group has thus been creating individual, structural and culture-building measures that promote diversity in practice and at the same time contribute to organizational stability.

In order to promote the proportion of women in management positions across the Group, the Otto Group has defined target quotas for all German Group companies that fall under the scope of the German Act on Equal Participation of Women and Men in Leadership Positions (Führungspositionengesetz, FüPoG) or generally employ more than 500 employees. Achieving the quota is a component of the D&I pillar "Envision," which focuses on quantitative targets and reporting. On 31 December 2021, the date on which the target was set, a total of twelve Group companies fell under this category. At the end of the deadline, 31 December 2025, eight Group companies were still included in the analysis after changes to the scope of consolidation. The Otto Group has set itself the following targets as part of the FüPoG: For the Supervisory Board of Otto GmbH & Co. KGaA, a target of at least five women and a female share of at least 25% is to be achieved by 28 February 2030. For the Executive Board of Otto Verwaltungsgesellschaft mbH, a target of at least two women and a female ratio of at least one third is to be achieved by no later than 28 February 2030. For the management teams (level 0) of the former twelve[8] Group companies (excluding Otto Verwaltungsgesellschaft mbH), the aim was to fill at least one position with a woman. This target was achieved in six of the Group companies concerned by 31 December 2025. In two of the Group companies concerned, it has not yet been possible to achieve the target due to low fluctuation in the management team. The target set for the first management level is to achieve an average ratio of 32% by 31 December 2025. This was fulfilled at 32% by 31 December 2025. At the second management level, the target quota of 39% was exceeded with an average actual ratio of 44% by 31 December 2025. For the new target period until 28 February 2030, the following targets apply: an average ambition level of at least one woman per management team (excluding Otto Verwaltungsgesellschaft mbH), at least 35 to 40% women at level 1 and at least 40 to 45% women at level 2. Due to changes in the scope of consolidation, eleven Group companies are subject to the FüPoG in the new target period.

The Otto Group remains committed to the target quotas set for more women in management positions, and the development is consistently being monitored. The actual status within the Otto Group companies subject to the provisions of the FüPoG was determined every six months and made available to the relevant stakeholders via a dashboard. This dashboard is to be retained and remain in use.

In the area of individual and structural change requirements, mapped in the "Grow" pillar, measures are established to promote and develop diverse talents. This includes the "Power of Diversity" mentoring program, which was initiated by an internal female top executive network. The Group-wide program for experienced female managers entered its fourth round in the 2025/26 financial year and was once again advertised internationally in this financial year. The targeted promotion of female managers through executive mentoring contributes both to the achievement of targets required by the FüPoG and to succession planning. The same applies to the new MAP mentoring program, which is aimed at employees at the start of their (management) career and serves as orientation. The digital event "DIVE IN – BE part of it" was held again in the 2025/26 financial year with a focus on "Diversity as a performance driver" in order to anchor D&I holistically in the Otto Group. This event is part of the "Embrace" pillar, with a focus on community work and culture-shaping formats.

In a dynamic environment, adaptability and flexibility are key elements of a practiced performance culture. To promote digital transformation, the Otto Group has been pursuing the cultural change process for ten years, accompanied by decentralized organizational developers, agile units and local cultural change managers across all of the Group companies. The cultural change approach empowers employees to actively shape a performance-oriented culture. Central formats for exchange, networking and effective scaling of good practices are the annual cultural change conference #CDX (Culture Development Experience), the cultural change community and the cultural change collective. These formats focus on specific enabling measures to promote a performance-oriented entrepreneurial culture.

Lifelong learning in the Otto Group helps to establish a learning culture that promotes openness to change and links the individual development of employees with the goals of the organization. This makes lifelong learning a central component of the strategic agenda and ensures employees' long-term performance capability. The premises here are "Working and learning become one," "Learning for all" and "Mastering learning." The aim is to strengthen employees' personal responsibility for life-

[8] The average ratios of the first level (32%) and the second level (39%) refer to the former twelve Group companies despite changes in the scope of consolidation in order to avoid deviations in the reference figure.

long learning and to create the necessary technical and cultural framework conditions for this.

A total of 19 Group companies use the LX-Hub, the Otto Group's central learning platform, which bundles all learning content for independent, individual and work-integrated learning. In addition to the Masterplan learning platform, the mySessions collegial learning format in particular is used intensively – 12,144 registrations were recorded in the period from October 2025 to March 2026.

The use of generative artificial intelligence such as ogGPT, an in-house development by Otto Group one.O GmbH, has become an essential part of the learning experience. With the Learning Experience Assistant (LIA), the Otto Group has taken an important step toward "learning on demand": As a custom GPT solution integrated into ogGPT, LIA answers around 200 learning requests per month and uses AI to precisely identify individual training needs and translate them into efficient, tailor-made learning pathways. Modern AI learning methods are also used in logistics. For example, HERMES Einrichtungs Service GmbH & Co. KG is working with the University of Paderborn to test a VR/AR learning program for industrial employees that teaches topics such as load securing in a practical and interactive way.

On its Masterplan learning platform, the Otto Group provides a comprehensive selection of over 50 courses on the topic of artificial intelligence, which were among the most frequently used learning opportunities in the 2025/26 financial year. One example is the course "Driving AI Forward: Safely & Fairly," which teaches responsible use of AI.

Regular exchanges among the learning & development experts within the Otto Group make it possible to share experiences with new learning tools and methods. This allows the learning experiences to be continuously adapted to the needs of the Group companies and strategic learning areas to be multiplied in the long term.

Another key component of the HR strategy is the Otto Group Academy's talent development programs for managers, which are systematically geared towards the needs of the Group. The focus is on impulses and methods for transformation, performance leadership and career paths. The development programs are an important building block in Group-wide cooperation and in the promotion of selected high-potential employees. Group company initiatives are also actively dedicated to promoting talent. For instance, the EOS Excellence program identifies high-potential candidates internationally and prepares them for top management roles.

The design of Group-wide career paths within the Group plays a central role in talent management at Otto Group Holding. The understanding of leadership includes actively developing colleagues and consciously harnessing the Group's diversity with its various business models. The overarching "Your Next Move" initiative has become an integral part of talent management. Talented individuals at all levels are offered various development options in order to fill vacancies with high-potential employees from the Group's own ranks. In addition, there are events such as the remote event "What's in there for me!" for interested colleagues, where Group companies present themselves as employers, introduce specialist divisions and meaningful projects and invite open exchange in virtual sessions. Moving forward, the Otto Group will maintain its broad scope of action and focus on performance by promoting mobility within the Group.

Sustainability[9]

The Otto Group's Sustainability Strategy considers the economic, environmental and social dimensions of sustainability and factors in the entire value chain. On the basis of a materiality analysis, it contains ten focus topics in the areas of Environment and Human Rights and defines a Group-wide framework within which the Group companies can develop independent solutions to fit their respective business models.

[9] The disclosures in the Sustainability section with the corresponding subsections were not subject to the audit by the auditor as part of the audit of the Group Management Report. The information on the near-term science-based target in accordance with the criteria of the Science-Based Targets initiative was subjected to a separate audit in accordance with ISAE 3000 with limited assurance. This section is marked with a note.

Along with the Code of Ethics, the Sustainability Strategy is firmly anchored in the corporate strategy. Since the 2014/15 financial year, the annual variable remuneration of the members of the Executive Board and, since the 2022/23 financial year, also that of the Executive Boards of selected German Group companies has been linked to achieving the Corporate Responsibility Strategy by the end of the 2024/25 financial year and the Sustainability Strategy by the start of the 2025/26 financial year.

Sustainability strategy

Sustainability management in the Otto Group consists of three levels with different scopes for the Group companies. Legal requirements and the Otto Group Sustainability Standards are fundamental for all Group companies. The sustainability standards encompass all requirement documents that apply within the Otto Group for sustainability-related issues, including Group Guidelines, for example. The scope of the requirements includes all Group companies worldwide in which the Otto Group directly or indirectly holds more than 50% of the voting rights or exercises a controlling influence. In addition, the Otto Group has been pursuing ambitious targets in the areas of environment and human rights with its Sustainability Strategy since the 2025/26 financial year. It applies to the Group companies that have the greatest impact on human rights or environmental issues along the entire value chain (referred to as Impact Group companies), including OTTO, the bonprix Group, the Witt Group, the Crate and Barrel Group and Hermes Germany GmbH. In addition, the Otto International Group supports these Impact Group companies in the achievement of their targets, particularly in the area of procurement within the upstream value chain. The selection of strategic focus topics is based on the results of the materiality analysis, which was conducted based on the 2023 ESRS requirements of the Corporate Sustainability Reporting Directive (CSRD) valid at the time the analysis was conducted.[10] The analysis is used to identify the greatest positive and negative impacts of the Otto Group's business activities on people and the environment as well as the opportunities and risks of these issues for the Otto Group.

As part of its Sustainability Strategy, the Otto Group is aiming to substantially lower its ecological impacts to operate within planetary boundaries. The Group reduces its own greenhouse gas emissions in line with the 1.5-degree climate target of the Paris Agreement, minimizes resource consumption and protects biodiversity. Accordingly, the following focus topics were identified as key areas of action along a staggered target track, with the maximum target achievement extending to the end of the 2035/36 financial year: Near-term Science-based Target (SBT), Circular Business Solutions, Preferred Materials, Eco-Design for Circularity and Responsible Products.

The Otto Group respects human rights and is committed to improving working conditions for people in its own upstream supply chains. Knowledge, resources and the learning of specific skills are crucial to enable progress and improvement, to prevent human rights violations and to achieve better working conditions for people in their own supply chains in the long term. The Otto Group promotes capacity development as a lever for positive change in the lives of workers in its own upstream supply chains. Accordingly, the Group aims to ensure that the majority of key stakeholders participates in capacity development on the following relevant human rights topics by the end of the 2035/36 financial year: Safe Work Environment, Decent Working Hours, Child Free Production, Freely Chosen Employment and Living Wages. For all focus topics, a risk-based approach was used to identify participants from three groups of key stakeholders who can directly influence improvements and should therefore take part in capacity development: business partners with whom the Otto Group maintains a direct contractual relationship, workers in final production facilities in countries with an increased risk of human rights violations and the management in final production facilities whose actions are

[10] For the 2026/27 financial year, the Otto Group is working on updating the materiality analysis on the basis of the revised ESRS requirements. The topic areas reported below are for the purpose of managing the Group and are not yet based on the regulatory requirements of the CSRD and EU taxonomy. A Group-wide project team is working to ensure the timely implementation of the new regulatory requirements by the 2027/28 financial year.

of great relevance to the workers. As an internationally active group of companies, the Otto Group has an obligation and desire to fulfill the requirements placed on the Group with regard to human rights. This is done by complying with laws and regulations and implementing the binding requirements of the Otto Group Sustainability Standards.

Target achievement status for sustainability strategy topics

Since the 2025/26 financial year, the Otto Group's Sustainability Strategy has defined long-term, visionary ambitions for each of the ten focus topics by the end of the 2035/36 financial year, along with goals with clearly defined time horizons. In the focus topics of near-term SBT, Preferred Materials, Responsible Products, Decent Working Hours and Safe Work Environment, the Sustainability Strategy sets binding targets – backed by quantitative indicators – for all Group companies and subgroups to which the strategy applies. In the focus topics of Circular Business Solutions, Eco-Design for Circularity, Child Free Production, Freely Chosen Employment and Living Wages, binding qualitative targets apply, which are substantiated by individual action plans of the Group companies. The objectives of the Sustainability Strategy are dynamic and are reviewed regularly.

The Otto Group is working on developing a net-zero target for the entire value chain by the end of the 2045/46 financial year and the steps necessary to achieve this. The definition of net zero emissions by the Science-Based Targets initiative – hereafter SBTi – provides guidance. The reduction of greenhouse gas emissions (GHG emissions) is the top priority here. All remaining emissions need to be permanently neutralized. This means that companies must take measures to remove greenhouse gases from the atmosphere and permanently store them to offset the impact of emissions that have not been reduced. The following currently applies: Companies may only neutralize up to 10% of their GHG emissions. In addition, the SBTi encourages companies to look beyond their value chain and take additional measures to reduce emissions, supporting the societal and international effort to drastically reduce GHG emissions to net zero. The Group's stakeholders are regularly informed about the progress made in formulating a net-zero target in the annual report.

In the 2022/23 financial year, the Otto Group committed to developing a near-term science-based target in accordance with the SBTi criteria in order to promote the reduction of its GHG emissions in line with the 1.5-degree target of the Paris Climate Agreement. The near-term SBT was successfully validated by the SBTi at the end of the 2023/24 financial year. To this end, separate targets and time horizons were defined for different operations based on the requirements and minimum standards of the SBTi. The Group's previous targets for reducing GHG emissions are subsumed in this target. Reporting on the reduction achieved is done at the Otto Group level, taking into account the operational control approach in accordance with the GHG Protocol. The market-based approach is used to calculate Scope 2 GHG emissions.

In the 2025/26 financial year, the Otto Group recalculated GHG emissions for the 2021/22 base year to ensure comparability between the base year and the reporting year. These adjustments mean that the figures presented in this report differ slightly from those of the previous year and are therefore only comparable to a limited extent. This recalculation was particularly necessary due to changes in the scope of consolidation, such as the discontinuation of the Venus brand activities in the USA, which were still loss-making in the previous year and which also involved the sale of the inventory, brand rights and customer base. During this process, individual corrections were also made due to improved primary data quality in order to enhance data quality. As part of the retrospective adjustment of the base year, the data is adjusted for these consolidated activities.

The near-term SBT[11] of the Otto Group is divided into three sub-targets:

Sub-target 1: Absolute scope 1 and 2 greenhouse gas emission reduction by 42% by the end of the 2030/31 financial year (compared to the 2021/22 financial year). This includes direct emissions from company-owned and controlled resources, such as the company's vehicle fleet, and indirect emissions from purchased energy. At the end of the 2025/26 financial year, a reduction of 59% was achieved compared to the 2021/22 financial year. (2024/25: 57%). The ongoing drop in emissions is still largely due to the increasing purchase of green electricity, particularly at the German Group companies.

Sub-target 2 (Supplier Engagement): At least 75% of the third-party brands based on purchasing volume and 20% of the marketplace partners based on GMV will set their own SBT by the end of the 2027/28 financial year. Unlike with its own brands, the Otto Group is unable to influence the supply chain of its marketplace partners and third-party brands. The Group has therefore set itself a supplier engagement target. The Otto Group is therefore committed to closer collaboration with actors that have adopted their own SBT. In this way, they demonstrate their efforts to pursue high standards, as does the Otto Group in its own-brand business. After opting for a simplified aggregated presentation of the sub-target in the first-time reporting in the 2024/25 financial year, reporting has been broken down into third-party brands and marketplace partners since the 2025/26 financial year. In the 2025/26 financial year, a share of 47% was achieved for third-party brands and 8% for marketplace partners (2024/25: 28% in aggregated presentation). Sub-target 2 is calculated on the basis of the Impact Group companies OTTO, the bonprix Group, the Witt Group, the Crate and Barrel Group and also the Limango Group, which comprise the majority of the Otto Group's third-party brands and marketplace business and therefore serve as a representative basis for calculating the key figure at the Group level.[12] In particular, the Group company OTTO as an e-commerce platform and the resulting continuous expansion of the OTTO marketplace are influencing the current achievement of targets.

Sub-target 3: Absolute reduction in scope 3 greenhouse gas emissions[13] by 42% by the end of the 2031/32 financial year (compared to the 2021/22 financial year). This refers to indirect emissions within the value chain over which the company has no control for the most part, such as energy consumption during production or during the use phase of the products sold. At the end of the 2025/26 financial year, emissions had fallen by 15% compared to the 2021/22 financial year (2024/25: 16%).

The reduction compared to the 2021/22 financial year is mainly attributable to the global expansion of renewable energies, efficiency gains in the upstream value chain and comparatively lower purchasing volumes in the past financial years. In the 2025/26 financial year, purchasing volumes increased again. This led to a slight decrease in the reduction of GHG emissions compared to the previous year, despite the advancement of reduction measures.

In order to achieve the near-term SBT and the long-term net-zero target, the Otto Group will work in close collaboration with the business partners and primarily focus on improving the energy efficiency of production processes in the upstream value chain and on promoting the use of renewable energies. Comprehensive measures that the Otto Group has adopted to address emissions during the use phase of customers will also be highly relevant in the future. A particular focus is on increasing the energy efficiency of electrical appliances. In addition, the Otto Group is continuing its efforts to shift the transportation of goods from air to sea and to electrify delivery to customers. At its own sites, the Otto Group demands increased energy efficiency and the systematic transition to green energy. The selection of materials also plays a role in the achievement of targets. The Otto Group is working to integrate its climate activities more closely with the topic areas of materials and circularity. Here, too, decisive contributions are needed to achieve the ambitious climate targets.

[11] The official target descriptions can be found on the SBTi website.

[12] In determining whether partners have their own SBT, the focus was on the most relevant and largest third-party brands and marketplace partners of the Impact Group companies, along with those of the Limango Group. This covered around 97% of the purchasing volume and 79% of the GMV of the aforementioned Group companies.

[13] Taking into account the operational control approach, the following Scope 3 categories were identified as material and are therefore integrated into sub-target 3 and the emissions calculated in this regard: 3.1, 3.3, 3.4, 3.6, 3.7, 3.11, 3.12. Only GHG emissions from own and licensed brands are included in 3.1. The scaling was based on secondary data to ensure, among other things, the completeness of the Otto Group's retail volume.

Achievement status of climate sub-targets[14]

	Base year 2021/22	Financial year 2025/26		
	Absolute emissions in tCO_2e	Absolute emissions in tCO_2e	Percentage change compared to the base year	Target value
Sub-target 1: Absolute scope 1 and 2 greenhouse gas emission reduction by 42% by the end of the 2030/31 financial year (compared to financial year 2021/22)	230,438	93,667	–59%	–42% (until the end of the 2030/31 financial year)
Sub-target 3: Absolute reduction in scope 3 greenhouse gas emissions by 42% by the end of the 2031/32 financial year (compared to financial year 2021/22)	7,079,216	5,991,319	–15%	–42% (until the end of the 2031/32 financial year)

	Percentage of third-party brands with their own SBT in the 2025/26 financial year	Percentage of marketplace partners with their own SBT in the 2025/26 financial year	Target value
Sub-target 2 (supplier engagement): At least 75% of the third-party brands based on purchasing volume and at least 20% of marketplace partners based on Gross Merchandise Value (GMV) have set an own SBT, that was validated by the SBTi, by the end of the 2027/28 financial year.	47%	8%	75% of third-party brands and 20% of marketplace partners (until the end of the 2027/28 financial year)

[14] For the calculation basis and methods, see the description of the aggregated sub-targets

Regarding the focus topic of Preferred Materials, the Otto Group is striving to use only preferred materials (fibers, wood, plastics and metals) in its own and licensed brands in the most relevant assortments of textiles, furniture and electronics by the end of the 2035/36 financial year. These are materials that have significantly less negative environmental impact than conventional alternatives, such as recycled materials, organic cotton compared to conventional cotton and animal-based fibers that are produced with careful attention to animal welfare. In the past 2025/26 financial year, the focus was on the material groups of fibers and wood in the assortments textiles and furniture. A proportion of 45% preferred fibers and 86% preferred wood was achieved. The key figures relate to the percentage of the total tonnage of the respective material group. The integration of new product groups such as upholstered furniture and carpets is particularly noticeable in the area of fibers, as these product groups account for around a third of total tonnage and are still at the beginning of the transition to preferred materials. The proportion of preferred fibers in the area of fashion and home textiles is 66%. Extending Preferred Materials to the material groups of plastics and metals as well as to the product group of electronics will be reviewed and evaluated in the 2026/27 financial year.

Regarding the focus topic of Responsible Products, the Otto Group is striving to continuously increase the percentage of revenue from Responsible Products in the most relevant assortments – textiles, furniture and electronics – for third-party brand and marketplace products by the end of the 2035/36 financial year. A product with an increased sustainability standard indicates a significant improvement in at least one sustainability criterion compared to a conventional alternative. The product must be certified according to a recognized, third-party verified standard or label and contain the required minimum percentage of the recognized certified material. At the end of the 2025/26 financial year, the Otto Group achieved 10% of its revenue in textiles, 17% in furniture and 12% in electronics with Responsible Products.

In addition, the Otto Group is aiming to ensure that, by the end of the 2035/36 financial year, the majority of key stakeholders for its own and licensed brands have participated in capacity development on the relevant human rights topics of Decent Working Hours and Safe

Work Environment. The capacity development includes various free training courses that are individually tailored to the different participant groups, topics and regions and must fulfill principles defined by the Otto Group. Such principles include, for example, the availability of training in the local language, the professional qualification of the provider, an interactive methodology and the measurability of participation. The Otto Group collaborates with renowned and qualified organizations that specialize in providing training. Capacity development trainings that have already been completed are recognized if they correspond to the concept of the accepted trainings. By doing this, the Group is seeking to avoid unnecessary repetition of content and to recognize efforts that have already been made. For instance, further development measures may include digital, interactive training on the topic of occupational safety, which helps to understand complex topics and adopt best practices. In order to measure, control and report on the developments of the further development measures, key figures and dashboards have been developed to show them in detail. In the 2025/26 financial year, 9% of key stakeholders took part in capacity development on the topic Decent Working Hours and 18% of stakeholders took part in capacity development on the topic Safe Work Environment.

In the focus topics Circular Business Solutions, Eco-Design for Circularity, Child Free Production, Freely Chosen Employment and Living Wages, the Otto Group pursues binding qualitative targets. Measures in these areas are set at the level of the Impact Group companies and Otto Group Holding and therefore vary. In the focus topic Eco-Design for Circularity, the Otto Group is striving to largely shift the majority of its own and licensed brands to products that meet eco-design criteria by the end of the 2035/36 financial year. Here, the Otto Group is initially pursuing a qualitative objective in order to create the process and system-related prerequisites for a later quantitative target ramp-up. In the 2025/26 financial year, the Impact Group companies worked on preparing the systems, trained the responsible employees and selected suppliers in the application of the Otto Group eco-design criteria for textiles. This transformation of processes and IT systems for the development and marketing of circular products represents a strategic task for the Otto Group to pursue in the coming financial years. In the focus topic Circular Business Solutions, the Otto Group is aiming to largely offer circular business solutions (reuse, repair or recycling) for its own and licensed brands and for third-party brands and items from marketplace partners by the 2035/36 financial year and to continuously increase their implementation. Although the Otto Group has already been pursuing circular business approaches such as the take-back of used textiles and appliances for many years and has been testing pilot projects such as Circular Collections, scalable solutions have mostly been lacking so far. For this reason, the Otto Group is concentrating on qualitative objectives. The purpose is to develop or expand viable solutions and prepare them for later quantitative scaling. In the focus topics Child Free Production, Freely Chosen Employment and Living Wages, the Otto Group is aiming to ensure that the majority of key stakeholders in the upstream supply chains have participated in capacity development by the end of the 2035/36 financial year. The Group is currently working on devising training approaches for capacity development.

Selected key figures of the sustainability strategy

Focus topic	Key figure	Material/product group	Financial year 2025/26	Ambition by 2035/36
Preferred Materials	Percentage (%) of preferred materials in the total tonnage of the respective material group (own and licensed brands)	Fibers	45%	The Otto Group is striving to use only preferred materials in the most relevant assortments (textiles, furniture and electronics) by the end of the 2035/36 financial year.
		Wood	86%	
Responsible Products	Percentage (%) of revenue from Responsible Products (third-party brands and marketplace)	Textiles	10%	The Otto Group will continuously increase the share of revenue of Responsible Products in the most relevant assortments (textiles, furniture and electronics) by the end of the 2035/36 financial year.
		Furniture	17%	
		Electronics	12%	
Decent Working Hours	Percentage (%) of trained relevant stakeholders (own and licensed brands)	All product and assortment groups	9%	The Otto Group is seeking to ensure that the majority of key stakeholders in the upstream supply chains will have participated in capacity development by the end of the 2035/36 financial year.
Safe Work Environment		All product and assortment groups	18%	

Forecast Report

Macroeconomic and sector-specific development

The following assessments of macroeconomic development, sector development, and the Otto Group's development during the forecasting period are subject to a high degree of uncertainty. The existing uncertainties in connection with US trade policy and new risks from the military conflict in the Middle East, in particular the blockade of the Strait of Hormuz by Iran, along with their macroeconomic consequences are the major risk factors in the forecasting period, the further course of which is unpredictable and therefore cannot be forecast with sufficient accuracy. The effects on the sales and procurement markets relevant to the Otto Group can only be assessed to a limited extent. In addition, it cannot be ruled out that further significant geopolitical developments not taken into account in this report may occur between the preparation and publication of the Group Management Report.

Nevertheless, the usual expert reports and association assessments, such as the spring economic reports by the Kiel Institute for the World Economy – referred to hereinafter as IfW Kiel – are generally referenced for assessing macroeconomic trends at the global level and in Germany, the euro area, and the USA, and for forecasting developments within the sector. According to these assessments by IfW Kiel from 12 March 2026[15], US trade policy is likely to remain a significant uncertainty factor for the global economy. Although the US Supreme Court limited the US administration's authority to impose tariffs in February 2026, the latter introduced new temporary tariffs based on a different legal basis. While this will reduce the average tariff level on US imports, it once again changes the relative competitive position of individual countries and contributes to ongoing uncertainty about the future framework conditions for international trade. The already heightened uncertainty caused by the US tariff policy is being exacerbated by the geopolitical escalation in the Middle East and its impact on the energy markets. The military attack by the USA and Israel on Iran on 28 February 2026 and the associated closure of the Strait of Hormuz, a central transport route for the global oil and gas trade, is causing global market prices for crude oil and liquid gas to rise dramatically, which is manifesting itself in a temporary increase in inflation rates. If there are significant restrictions on the transportation of energy resources over a prolonged period of time, there is a risk of bottlenecks and consumption restrictions with serious consequences for global production. However, the Kiel Institute's underlying forecast assumes that energy supplies from this region will normalize within weeks and that oil prices should fall again by the middle of the year. These dampening effects on global economic activity are offset by a strong impetus for trade and investment as a result of emerging AI technology and by country-specific stimuli from financial policy, meaning that overall economic development worldwide is likely to remain fundamentally on an upward trajectory.

Against the backdrop of expected lower tariffs as a result of the Supreme Court's decision, the overall economic development in the USA is set for robust expansion, which will also be supported by AI progress. Boosted by low unemployment, real incomes are likely to increase noticeably and thus support the expansion of private consumption – subject to further developments in the Middle East conflict, as a sustained rise in energy prices would noticeably dampen consumption. Overall economic momentum in the euro area is also likely to be dampened in the short term by geopolitical risks and high energy costs – but supported by additional government spending on defense and infrastructure. Supported by a more positive investment climate among companies and by private households' savings reserves to support consumption, a moderate overall economic upturn can be expected.

Following the end of its downward trend, overall economic development in Germany is likely to continue to gain momentum only falteringly in the forecasting period.[16] A noticeable economic upturn is unlikely to materialize in 2026, as structural problems, which are reflected in a significant loss of competitiveness, will continue to weigh on the economy. Economic stimulus is likely to come from the expansive fiscal policy. In contrast, geopolitical disputes are likely to create economic headwinds. This is primarily due to the loss of purchasing power in the economy as a whole associated with higher energy import prices, along with increased uncertainty and disrupted supply chains. While the annual inflation rate is expected to be 2.5% in the forecasting period (2025: 2.2%), the recent increases in commodity prices are already reflected in consumer prices, which rose noticeably by 2.7% year-on-year in March 2026. Against this backdrop, private consumption is initially expected to be temporarily dampened as a result of energy price-related losses in purchasing power before rising real incomes have a supporting effect again later on in the year. Overall, real household consumer spending is expected to increase moderately by 0.6% over the forecasting period (2025: 1.6%), with nominal growth of 2.9% (2025: 4.2%).

[15] Kiel Institute for the World Economy: "Middle East conflict disrupts economic activity," 12 March 2026.

[16] Kiel Institute for the World Economy: "Energy price surge gnaws at arduous recovery," 12 March 2026.

The expected change in the real gross domestic product for the forecasting period based on the Kiel Institute forecast published on 12 March 2026 is as follows:

(Forecast) year-on-year change in real GDP

	2026	2025
	in %	in %
World	3.1	3.4
USA	2.4	2.2
Euro area	1.0	1.5
Germany	0.8	0.2

The development of the German retail sector will continue to be characterized by a fragile economic environment in 2026. Retail sales in January and February 2026 reflect this sentiment in their moderate upward movement year-on-year. In contrast, the market research company Euromonitor International expects a strong upward trend in the German online and mail-order sales sector in its forecast published in March 2026[17]. The GMV in the e-commerce sector is expected to reach around EUR 107.3 billion in 2026 (2025: EUR 102.4 billion), which would correspond to significant growth of around 4.8% (2025: 4.7%). In a publication by the German E-Commerce and Distance Selling Trade Association (Bundesverband E-Commerce und Versandhandel Deutschland e.V., bevh) in April 2026[18], it states regarding the development of the first quarter that German online retail is proving resilient with stable revenue growth and continuing its long-term recovery despite geopolitical uncertainties as a result of the Middle East conflict and the worsening energy crisis.

According to the medium-term forecast published by the Federal Office for Goods Transport[19] (Bundesamt für Güterverkehr, BAG), a moderate recovery is also expected for the German transport and logistics sector in 2026, although this forecast does not yet take into account the geopolitical consequences of the Middle East conflict. Accordingly, total goods transport in Germany will increase by 1.0% in the forecasting period (2025: –1.3%).

Distribution by German parcel service providers represents a key element of the German transport and logistics sector. The development of these operations is directly related to revenue growth in the online and mail-order sales sector in Germany. The forecast published in March 2026[20] by the market research company Euromonitor International assumes – subject to further developments in the geopolitical situation – that the dynamic growth trend will continue and that revenue will increase again in the forecasting period, meaning that parcel service providers will once again be faced with the challenge of managing rising shipment volumes in the forecasting period.

It is anticipated that the cost levels in the German transport and logistics sector will continue to exhibit an upward trajectory. The supply shock on the global energy markets as a result of the military conflict in the Middle East is likely to continue to weigh on price levels until the middle of the year, with higher crude oil and gas prices leading directly to rising diesel and gasoline prices. In addition, the increase in other price components such as CO_2 pricing will lead to an increase in fuel prices. With regard to the shortage of drivers in distribution logistics, it is expected that it will continue to be difficult to recruit staff in the forecasting period and that wage costs will continue to rise in response to the increases in the statutory minimum wage. It is likely that the significant rise in factor prices will cause an increase in shipping costs and that these effects will therefore be passed on to private and corporate customers.

In the area of financial services, according to the Otto Group, the market for traditional receivables management and portfolio transactions with non-performing loans will remain attractive in the long term. In the core market of Europe, there are still significant portfolios of non-performing loans, which could potentially be sold. The highly dynamic monetary policy of the recent past and the resulting volatility of refinancing costs mean that the competitive environment remains challenging.

[17] Euromonitor International: Database retrieval on 23 March 2026.

[18] Press release by the German E-Commerce and Distance Selling Trade Association (bevh), 10 April 2026.

[19] Federal Office for Goods Transport (BAG): "Rolling Mid-Term Forecast for Goods and Passenger Traffic – Mid-term Forecast for Summer 2025".

[20] Euromonitor International: Database retrieval on 23 March 2026.

The development in the interest rate-sensitive property sector suggests increasing stabilization in the forecasting period, provided that the European Central Bank does not react to the commodity price increases caused by the military conflict in the Middle East. Overall, an upward trend can be observed in the volume of new loans and transactions on the property market. However, the structural imbalance between supply and demand in the residential property sector is likely to intensify further in the forecasting period, meaning that property prices are expected to remain constant or rise in the medium term.

Development of the Otto Group

The overall economic conditions and the sector-specific conditions affect the Otto Group's business activities and consequently also the net assets, financial position and financial performance of the Group. The assessments concerning the Otto Group's development over the forecasting period factor in the above forecasts and their assumptions. The military conflict that has been ongoing in the Middle East since spring 2026 and the US administration's trade policy measures since spring 2025 are likely to pose an increased risk to global economic development and result in possible upheavals in global trade relations. Depending on further developments, this could have a relevant impact on the Otto Group in the forecasting period.

The Otto Group was able to close the 2025/26 financial year successfully. Nevertheless, it was challenging due to global events and the ongoing consumer restraint in key sales markets. Against the backdrop of both existing and new trade and geopolitical risks, this is also likely to be the case in the 2026/27 forecast year, although the macroeconomic and sector-specific environment is likely to trend upward. Nonetheless, the Otto Group also expects persistent burdening influences on the general consumer behavior of its customers in the relevant sales markets in the forecast year – particularly in its main market of Germany, but also in the rest of Europe and in the USA.

In the 2026/27 forecast year, the Otto Group aims to build on the successful 2025/26 financial year in terms of the most important financial key figures. Both revenue on a comparable basis and profitability measured by EBIT are expected to be at the level of the 2025/26 financial year despite the trade and geopolitical risks along with the persistently challenging market and competitive environment. The debt service ratio is also expected to remain at the previous year's good level in the forecast year due to the continued focus on profitability and liquidity. The Otto Group is pursuing a clear approach of scaling up and internationalizing successful business models such as the OTTO e-commerce platform, the Crate and Barrel Group and the EOS Group in order to increase market shares and relevance with a corresponding impact on the entire Group. This will create the basis for the Group to remain on a sustainable path of profitable growth in subsequent financial years and to further reduce the debt service ratio in the medium term. Despite all economic ambitions, taking responsibility for employees, partners, people and nature remains a firm guiding principle of the Group's actions.

In consideration of the highly volatile market environment, particularly evident during the coronavirus pandemic and following the outbreak of war in Ukraine, the Otto Group has successfully set out in recent financial years to become more independent of the market and to position itself more flexibly. Looking ahead, the Otto Group sees relevant opportunities for the forecast year and the following financial years. The long-term trend toward online retail should continue and, in the view of the Group, remain unbroken, particularly due to the comparatively low level of technological uncertainty compared to other sectors of the economy. The Otto Group's diversification with regard to different sales markets and business models also remains a key source of strength that fully pays off in a volatile market environment. The broad positioning of the Group from e-commerce to retail-related services in the areas of logistics and financial services brings about a high degree of stability and enables diverse and distinct opportunities for innovation and scaling. In particular, new approaches in the use of AI in the area of online retail and the associated retail-related services along with the further development of existing business models in the context of agentic commerce offer relevant opportunities for customers and various processes within the Group. The Otto Group is already seizing these opportunities at all levels and is successfully implementing pioneering technologies in various processes and projects. In the short to medium term, further relevant technological advances in the area of customer-oriented AI and logistics are being pursued. In the 2025/26 financial year, for example, the integration of Physical AI into the Group's logistics infrastructure was launched as part of a bundling of internal and external expertise in order to optimize intralogistics. Strategic cooperations and numerous Otto Group investments in the area of corporate ventures also open up opportunities through the ongoing transfer of expertise and the development of innovative impulses.

The Otto Group has a very strong customer base in the retail-related Platforms, Brand Concepts and Retailers segments and has a total of around 42 million active customers worldwide across the various business models in the 2025/26 financial year. In a few business models with a focus on the Platforms and Brand Concepts segments, efforts are being made to increase the number of active customers in the forecast year with a focus on corresponding measures.

In addition to the general trends in the e-commerce sector, the positive effects of technological advances and AI and a strong and at least stable customer base, the Otto Group will also benefit in the forecast year and subsequent financial years from efficiency and restructuring programs that have already been implemented and are still ongoing at various Group companies. Due to the sustained improvement in cost structures and leaner processes, these programs also offer opportunities for increased utilization and leveraging of synergies within the Group.

The following statements for the Group and the individual segments are essentially predicated on a business performance in the forecast year that remains unaffected by exchange rate changes. In addition, significant effects from already known changes to the scope of consolidation are taken into account in all forecast disclosures, and revenue forecasts for the Group and the affected segments are derived on a comparable basis.

		2025/26 financial year	Forecast for the 2026/27 financial year
Revenue*	Group	EUR 13.8 billion	Stable (at previous year's level)
	Platforms segment	EUR 5.6 billion	Medium increase
	Brand Concepts segment	EUR 4.8 billion	Stable (at previous year's level)
	Retailers segment	EUR 1.6 billion	Sharp decrease
	Services segment	EUR 0.6 billion	Stable (at previous year's level)
	Financial Services segment	EUR 1.1 billion	Slight increase
Earnings before interest and tax (EBIT)	Group	EUR 641 million	Stable (at previous year's level)
Debt service ratio	Group	1.3 years	Stable (at previous year's level)

* On comparable basis

The revenue growth forecast was derived from the expected developments in the segments as follows:

In the Platforms segment, the continuation of the dynamic growth of the OTTO e-commerce platform is the focus in the forecast year. Corresponding revenue growth is to be achieved by further scaling of the traditional trading business, the marketplace business and related services in the Advertising Services area. The main prerequisites for this are the further expansion of the product range and the leveraging of potential in the areas of customer-oriented AI and services. As a result, the e-commerce platform is also seeking to achieve a moderate increase in the number of active customers in the forecast year. The product range has been further expanded in recent months with the addition of new product groups, such as food and pet food, and this was continued in April 2026 with the addition of books. In addition, the own brands offered in the traditional trading business were supplemented in January 2026 by the OTTO home brand, which is characterized by an extensive range of furniture and home textiles. At the same time, opening up the marketplace business to international partners will be pursued in the near future. For example, partners from the Netherlands will offer their product ranges on the marketplace for the first time in the first half of the 2026/27 financial year. Suppliers from Poland and France, among others, will follow in the second half of the financial year. Opening up the marketplace to international partners will significantly support the further expansion of the product range and give customers of the e-commerce platform an even greater selection. In addition to expanding the product range, the e-commerce platform wants to enhance the shopping experience for customers by leveraging potential in the areas of customer-oriented AI and the services offered. To this end, investments will be made in the forecast year in the further technological development of the e-commerce platform, in more flexible functionalities for payment processes and in AI and other future technologies. The roll-out of a self-developed AI assistant, with the goal of enhancing the customer shopping experience by providing virtual consultations, among other things, was launched in March 2026. In the area of services offered, the proportion of next-day delivery for parcels is to be increased to more than 50% in the forecast year by further optimizing warehouse logistics. Against this backdrop, the OTTO e-commerce platform is expecting high revenue momentum in the forecast year, both in the traditional trading business and on the marketplace. In addition, revenue from the B2B services offered by OTTO Advertising, particularly in the area of self-developed advertising services for suppliers, marketplace partners and media agencies, will increase as well. The Platforms segment is therefore expected to achieve medium revenue growth in the forecast year on a comparable basis, i.e. adjusted for the proportionate revenue from About You still included in the 2025/26 financial year.

Revenue in the Brand Concepts segment is expected to stabilize at the previous year's level in the forecast year. The Otto Group is anticipating heterogeneous business performance for the activities within the segment. The Crate and Barrel Group, which operates in the USA and Canada, is expected to record positive business performance with a slight increase in revenue in the forecast year. With its focus on a multi-channel growth strategy, the Crate and Barrel Group sees relevant opportunities for revenue growth in both online and brick-and-mortar retail. In addition to further differentiation of the service offerings and further technological development of the online shopping experience, significant growth in the over-the-counter segment is a goal for the forecast year. In addition to relocations and modernizations within the existing store network, new over-the-counter locations in the USA and Canada will significantly expand the store network in the short to medium term. Against this backdrop, the Crate and Barrel Group is planning to invest significantly in the further development and expansion of its over-the-counter locations and in technological advancements aimed at improving the customer experience in the forecast year and subsequent financial years. Nevertheless, the ongoing and sometimes unpredictable trade policy disputes could have a negative impact on the Crate and Barrel Group's revenue trend. The Witt Group expects a moderate decline in revenue across its various brands and sales markets in the 2026/27 financial year. The multichannel strategy with its focus on further expanding the online stores and increasing the share of e-commerce will be continued in the forecast year. As a result, the aim is also to reduce the relevance of the catalog business for the business model and revenue growth in the short to medium term. In line with this orientation, the Witt Group is continuing the necessary and extensive transformation of its IT and the digitization of its business model in the forecast year by making corresponding investments. The bonprix Group will also continue the transformation of its business model in the forecast year, refine its brand positioning and implement additional measures to differentiate itself from the competition and further expand the increase in new customer acquisition emerging by the end of the 2025/26 financial year. To this end, it is once again planning to implement increased sales promotion measures. Due to the still very challenging market and competitive environment, revenue for the bonprix Group is nevertheless forecast to remain at the previous year's level. Due to the shutdown of the loss-making business operations of the Venus brand in the USA in the 2025/26 financial year, combined with the sale of the inventory, brand rights and customer base, corresponding revenue is no longer included in the forecast year.

The various retail concepts in the Retailers segment are also forecasting heterogeneous business performance in the 2026/27 financial year, although this is likely to lead to a significant decline in the segment's revenue in the forecast year. Against the backdrop of the generally very demanding market environment for medium-sized retailers and the existing structural challenges in individual activities, the focus in this segment in the forecast year will continue to be on the consistent management of business activities in terms of profitability and especially liquidity. The goal of tapping into revenue growth potential through the consolidation of the trading activities of the Baur Group and the Otto Austria Group in Germany, Austria and Switzerland has not yet been achieved – despite the partial realization of synergies – and will not have a positive impact on the business performance of these activities in the forecast year either. At the Freemans Grattan Group in the UK, management is especially focused on liquidity aspects. Significant overall drops in revenue are therefore forecast for the aforementioned activities in the 2026/27 financial year. Only a slight drop in revenue is expected for the Limango Group with its sales markets in Germany, Austria, the Netherlands and Poland.

On a comparable basis, revenue in the Services segment is expected to remain at the previous year's level, mainly due to the forecast business performance of Hermes Germany GmbH. The expected business performance of the Hermes Fulfilment Group, HERMES Einrichtungs Service GmbH & Co. KG and the SupplyX Group is also contributing to the forecast. In addition to the expected business performance of the individual activities, the revenue forecast in the Services segment is influenced by two special factors. For one thing, Hermes Germany GmbH was fully consolidated in the 2025/26 financial year; its revenue from parcel distribution activities has only been included in the Otto Group's consolidated financial statements on a pro rata basis since this date. To derive the revenue forecast on a comparable basis, however, the external revenue generated by Hermes Germany GmbH with external customers in the 2025/26 financial year is adjusted to the forecast year on an accrual basis and therefore fully included in consolidated external revenue. As a result, the revenue growth on a comparable basis will deviate significantly from the reported revenue growth. For another thing, the external revenue growth in the Services segment only reflects the business performance of this segment to a limited extent. For example, the Hermes Fulfilment Group currently offers warehousing and returns processing services primarily to Otto Group companies. Hermes Germany GmbH and HERMES Einrichtungs Service GmbH & Co. KG also provide a relevant, albeit significantly smaller, share of their distribution activities to Group companies. The development of these intragroup activities in the forecast year has no influence on the Otto Group's reported consolidated revenue and is therefore not taken into account in the segment's revenue forecast. The forecast external revenue growth in the Services segment is derived as follows on the basis of the individual activities: At Hermes Germany GmbH, with its emphasis on parcel distribution, a comprehensive restructuring program launched in April 2025 is still being implemented operationally and is influencing the forecast business performance. For the forecast year, revenue with customers outside the Group is expected to be at least on a par with the previous year's level. In the forecast year and subsequent financial years, Hermes Germany GmbH will continue to make significant and increasing investments in expanding and maintaining the performance of its operating network and in the further development of existing software and digital solutions. The external revenue growth of the Hermes Fulfilment Group in the 2026/27 financial year will be primarily characterized by a further expansion of the F2X business in Germany by the acquisition of additional external customers. In addition, the external revenue of the Hermes Fulfilment Group includes revenue from the fulfillment services provided for About You, which, on a comparable basis, i.e., taking into account the deconsolidation of About You in the 2025/26 financial year, should be about the same as the previous year's level. In the forecast year and subsequent financial years, the Hermes Fulfilment Group plans to make relevant investments in the modernization of conveyor technology, digitization and automation projects, the significant expansion of its Robotics division and further development of the F2X business. HERMES Einrichtungs Service GmbH & Co. KG, which is active in two-man handling, is anticipating a predominantly stable volume structure with existing, external customers in the 2026/27 financial year, but it would like to acquire additional customers outside the Otto Group in the short to medium term by offering different service levels and the associated price differentiation. The SupplyX Group is expected to continue the necessary market positioning in the forecast year and expand the services it offers in the air and sea freight business. The establishment of a Group company in the Netherlands in the 2025/26 financial year and the acquisition of a new Group company in Poland are intended to support this process.

In the Financial Services segment, the EOS Group will expand its positioning in all established markets and relevant business areas in the forecast year and subsequent financial years. The focus will again be on the acquisition of unsecured and secured receivables packages and property portfolios. The EOS Group sees clear opportunities in these areas and will position itself even more strongly as a globally networked player. In addition to its own portfolio investments, collaboration with co-investors is also to be significantly expanded. In this way, the EOS Group will gain further investment opportunities in the short to medium term. In light of this, the volume of portfolio investments is expected to be higher in the forecast year than in the 2025/26 financial year. In all regions relevant for the EOS Group, an expansion of portfolio investments is being sought, taking into account the regulatory and legal framework conditions in the respective markets. Against this backdrop, the Financial Services segment, which is dominated by the EOS Group, is forecast to have a slight increase in revenue in the 2026/27 financial year.

The profitability (EBIT) of the Otto Group in the 2026/27 forecast year can be derived as follows on the basis of the expected development in the segments:

In the Platforms segment, the OTTO e-commerce platform will be focusing on the further realization of the earnings potential of the platform business model in the forecast year and again expects a considerable increase in the earnings contribution. In addition to higher marketplace commissions from the further scaling of the marketplace business, rising revenue in the traditional trading business and from the expansion of the advertising services area have also contributed to this. In addition, cost-cutting programs with a significant negative impact on earnings in the 2025/26 financial year that have already been implemented and are still being implemented will have an impact on the planned increase in profitability. Overall, a significant increase in the EBIT contribution is expected for the Platforms segment in the forecast year and, viewed as a whole, in the subsequent financial years as well.

The Crate and Barrel Group in the Brand Concepts segment is once again expecting a high earnings contribution for the forecast year, driven by a stable gross profit trend and continued optimization in the supply chain. Nevertheless, due to ongoing trade policy disputes that are difficult to predict, there are still risks that could have a negative impact on procurement markets, goods management and product groups and on the Crate and Barrel Group's revenue and earnings growth. At the bonprix Group, the transformational measures implemented in the 2025/26 financial year and planned for the forecast year will influence business performance and lead to a corresponding increase in overall earnings. Following an improved EBIT in the forecast year, the bonprix Group is also aiming to return to profitability in the medium term. A completed restructuring project to improve cost structures in Germany and the shutdown of the loss-making business operations of the Venus brand in the USA in the 2025/26 financial year, combined with the sale of the inventory, brand rights and customer base, are having a positive impact in this regard. In contrast, the measures aimed at refining the brand positioning, acquiring new customers and promoting sales are having the opposite effect and will continue to dampen earnings in the forecast year.

Despite the consistent steering of business activities in terms of profitability and especially liquidity, a negative EBIT is once again forecast for the Retailers segment, due in particular to the trading activities of the Baur Group and the Freemans Grattan Group in the UK.

While Hermes Germany GmbH in the Services segment is anticipating further improvement in earnings in the forecast year, it continues to make a negative contribution to earnings. In particular, this is the result of its further implementation of a comprehensive restructuring program that began in April 2025. In the 2025/26 financial year, the result of the Services segment was significantly influenced by a high positive effect from the full consolidation of Hermes Germany GmbH and, conversely, by impairment losses on assets at various locations of the Hermes Fulfilment Group. These effects on the earnings performance will no longer apply in the forecast year.

The Financial Services segment, which is dominated by the EOS Group, continues to forecast excellent profitability. In addition to its strong operating profitability, the EOS Group will further optimize existing processes and cost structures and leverage synergies through the use of uniform IT systems and AI.

Across the board, the efficiency-enhancement and restructuring programs implemented in the 2025/26 financial year and planned for the forecast year will improve the cost structure at various Group companies in all segments and lead to leaner and more efficient processes within the Group. This will have a clearly positive effect on the Otto Group's earnings growth in the short and medium term.

On the whole, the Otto Group expects profitability in the 2026/27 financial year to be on a par with the successful 2025/26 financial year. The positive business performance in relevant activities described above, which is supported by completed efficiency enhancement and restructuring programs, offsets both the other opposing burdens from the transformation of business models and the high positive effect from the full consolidation of Hermes Germany GmbH in the previous year.

With the stable revenue expected on a comparable basis and profitability at the high level of the 2025/26 financial year, the Otto Group is laying the foundation in the forecast year as a group of companies that will keep it on a sustainable, profitable growth path in subsequent financial years and further reduce the debt service ratio in the medium term. For the 2026/27 financial year, the Otto Group is initially forecasting a sideways movement in the debt service ratio due to the expected stable profitability and net financial debt remaining at the previous year's level. The burdens from operating cash flows from business models undergoing transformation and the investments at the level of previous years are offset by the positive business performance in relevant activities.

Statement by the Executive Board on the Otto Group's future performance

In the 2026/27 forecast year, the Otto Group aims to build on the successful 2025/26 financial year. Both revenue on a comparable basis and profitability (EBIT) are expected to be at the level of the 2025/26 financial year despite the trade and geopolitical risks along with the persistently challenging market and competitive environment. The debt service ratio is also expected to remain at the previous year's good level in the forecast year.

The Otto Group is thus following the strategic agenda laid out in the shareholder vision – "Responsible commerce that inspires" – which defines Strategy 2030 and is based on five strategic priorities. The above forecast for revenue, profitability and debt growth contributes in particular to the strategic priority of "Profitability & investment capability," which holds that economic and financial resilience is a key value, especially in times of structural crisis. In the forecast year, the Otto Group is laying the foundation as a group of companies that will keep it on a sustainable, profitable growth path in subsequent financial years and further reduce the debt service ratio in the medium term.

Maintaining financial stability and good credit metrics will also remain a cornerstone of the Group's development going forward.

Hamburg, 12 May 2026

Executive Board of
Otto Verwaltungsgesellschaft mbH

Petra Scharner-Wolff

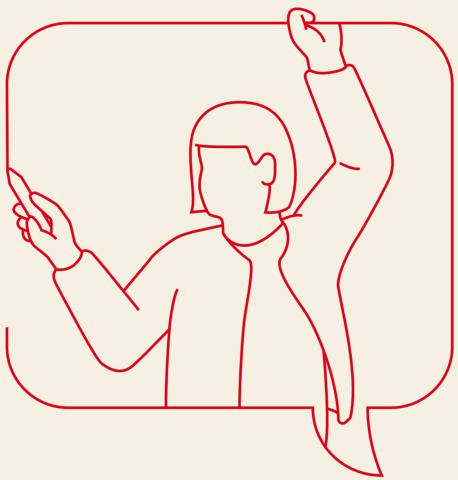
Dr. Marcus Ackermann

Dr. Philipp Andrée

Katy Roewer

Kay Schiebur

Consolidated Financial Statements



Consolidated Income Statement

1 March 2025 to 28 February 2026

	Note [No.]	2025/26 EUR million	2024/25 EUR million
Revenue and income from customer financing	[6]	**13,751**	**14,888**
Other operating income	[7]	382	483
Change in inventories and other internal costs capitalized		51	76
Purchased goods and services	[8]	–6,873	–7,598
Personnel expenses	[9]	–2,407	–2,517
Other operating expenses	[10]	–3,921	–4,320
Income from associated companies and joint ventures		149	–96
Earnings before interest, tax, depreciation and amortization (EBITDA)		**1,132**	**916**
Depreciation and amortization		–380	–493
Impairment losses	[11]	–111	–147
Earnings before interest and tax (EBIT)		**641**	**276**
Interest and similar income	[12]	59	41
Interest and similar expenses	[12]	–175	–190
Other net financial income (expense)	[12]	–68	184
Earnings before tax (EBT)		**457**	**311**
Income tax	[13]	–145	–146
Profit for the year		**312**	**165**
Profit attributable to shareholders of Otto GmbH & Co. KGaA		228	101
Profit attributable to non-controlling interests		81	53
Profit attributable to publicly-listed equity and participation certificates		3	11

Consolidated Statement of Comprehensive Income

1 March 2025 to 28 February 2026

	2025/26 EUR million	2024/25 EUR million
Profit for the year	**312**	**165**
Items that may be reclassified subsequently to profit or loss		
Gains and losses arising from translation of financial statements in foreign currencies	–84	90
Gains and losses arising from changes in fair values of derivatives held as cash flow hedges after tax	–52	26
Gains and losses in other comprehensive income	–91	23
Gains and losses reclassified to profit or loss	39	3
Items that will not be reclassified to profit or loss		
Gains and losses arising from changes in other financial assets after tax	7	–24
Remeasurements of the net defined benefit liability after tax	49	–17
Share of other comprehensive income of associates and joint ventures accounted for using the equity method after tax (net defined benefit liability, other financial investments)	–5	43
Other comprehensive income for the year	**–85**	**118**
Total comprehensive income for the year	**227**	**283**
Total comprehensive income attributable to shareholders of Otto GmbH & Co. KGaA	144	224
Total comprehensive income attributable to non-controlling interests	80	48
Total comprehensive income attributable to publicly-listed equity and participation certificates	3	11

Consolidated Balance Sheet

as of 28 February 2026

	Note	28.02.2026	28.02.2025
	[No.]	EUR million	EUR million
Intangible assets	[14]	1,655	1,506
Property, plant and equipment	[15]	1,644	1,590
Right-of-use assets	[16]	912	803
Investments in associated companies and joint ventures	[17]	442	486
Other financial investments	[17]	325	279
Trade receivables	[19]	120	132
Receivables from financial services	[19]	2,170	1,858
Receivables from related parties	[20]	13	16
Other assets	[21]	89	115
Non-current assets		**7,370**	**6,785**
Deferred tax	[13]	**198**	**228**
Inventories	[18]	1,729	1,778
Trade receivables	[19]	788	767
Receivables from financial services	[19]	966	806
Receivables from related parties	[20]	21	38
Income tax receivables		52	32
Other assets	[21]	897	704
Cash and cash equivalents		914	562
Assets held for sale	[5c]	0	1,752
Current assets		**5,367**	**6,439**
Total assets		**12,935**	**13,452**

	Note	28.02.2026	28.02.2025
	[No.]	EUR million	EUR million
Equity attributable to shareholders of Otto GmbH & Co. KGaA		3,652	3,551
Subscribed capital of Otto GmbH & Co. KGaA		1,180	1,180
Consolidated retained earnings		2,861	2,508
Net cost in excess of net assets acquired in step acquisitions and partial disposals		–219	–87
Accumulated other comprehensive income		–170	–50
Non-controlling interests		757	1,074
Publicly-listed equity and participation certificates		30	284
Equity	[22]	**4,439**	**4,909**
Profit and loss participation rights	[23]	19	20
Provisions for pensions and similar obligations	[24]	1,197	1,178
Other provisions	[25]	141	97
Bonds and other notes payable	[26]	110	381
Bank liabilities	[26]	1,221	834
Other financing liabilities	[27]	109	40
Trade payables	[28]	8	5
Lease liabilities	[38]	844	766
Liabilities to related parties	[29]	1	0
Other liabilities	[30]	160	232
Non-current provisions and liabilities		**3,810**	**3,553**
Deferred tax	[13]	**81**	**83**
Profit and loss participation rights	[23]	1	2
Other provisions	[25]	204	179
Bonds and other notes payable	[26]	141	7
Bank liabilities	[26]	541	391
Other financing liabilities	[27]	103	59
Trade payables	[28]	1,863	1,851
Liabilities to related parties	[29]	12	47
Income tax liabilities		62	72
Lease liabilities	[38]	214	178
Other liabilities	[30]	1,464	1,379
Liabilities classified as held for sale	[5c]	0	742
Current provisions and liabilities		**4,605**	**4,907**
Total equity and liabilities		**12,935**	**13,452**

Consolidated Cash Flow Statement

1 March 2025 to 28 February 2026

	2025/26	2024/25
	EUR million	EUR million
Earnings before interest and tax (EBIT)	641	276
Depreciation, amortization and impairment losses/reversal of impairment losses on intangible assets, property, plant and equipment and right-of-use assets	489	484
Profits (–)/losses (+) from associated companies and joint ventures	–149	96
Dividends received from associated companies and joint ventures	25	18
Increase (+)/decrease (–) in allowances on loans, receivables and inventories	143	120
Gains (–)/losses (+) on disposals of items in intangible assets and property, plant and equipment	4	–2
Pension payments exceeding (–)/less than (+) pension expense	–17	–28
Gross cash flow from operating activities	**1,136**	**964**
Decrease (+)/increase (–) in working capital	–605	–35
Decrease (+)/increase (–) in inventories (gross)	4	122
Decrease (+)/increase (–) in trade receivables (gross)	94	–85
Decrease (+)/increase (–) in receivables from financial services (gross)	–493	–159
Increase (+)/decrease (–) in provisions	33	96
Increase (+)/decrease (–) in trade payables	10	–2
Increase (+)/decrease (–) in receivables due from related parties/ in payables due to related parties	–22	–14
Changes in other assets/liabilities	–231	7
Income tax paid	–160	–146
Interest received	43	29
Cash inflows/outflows from non-current financial assets and securities	–2	–2
Cash flow from operating activities	**412**	**810**

	2025/26	2024/25
	EUR million	EUR million
Cash flow from operating activities	**412**	**810**
Capital expenditures on purchases of intangible assets and property, plant and equipment	–217	–271
Payments for acquisition of subsidiaries	–118	0
Capital expenditures on purchases of other financial investments	–142	–130
Proceeds from disposals of intangible assets and property, plant and equipment	31	23
Proceeds from disposals of consolidated subsidiaries	335	4
Proceeds from disposals of other financial investments	39	818
Cash flow from investing activities	**–72**	**444**
Free cash flow	**340**	**1,254**
Dividends paid	–141	–265
of which, attributable to the owners of Otto GmbH & Co. KGaA	50	0
Interest paid and bank charges	–221	–259
Proceeds from additions to equity	171	151
Payments for reductions in equity	–277	0
Payments for step acquisitions in subsidiaries	–3	0
Proceeds/payments (net) for issues and repurchases of profit and loss participation rights	–2	–3
Payments of principal on lease liabilities	–176	–212
Proceeds from assumption of other financial liabilities	693	392
Repayments of other financial liabilities	–180	–1,061
Cash flow from financing activities	**–136**	**–1,257**
Cash and cash equivalents at beginning of period	**562**	**692**
Net increase/decrease in cash and cash equivalents	204	–3
Changes in cash and cash equivalents due to foreign exchange rates	–7	13
Reclassification with regard to disposal groups	155	–140
Cash and cash equivalents at end of period (see Note 33)	**914**	**562**

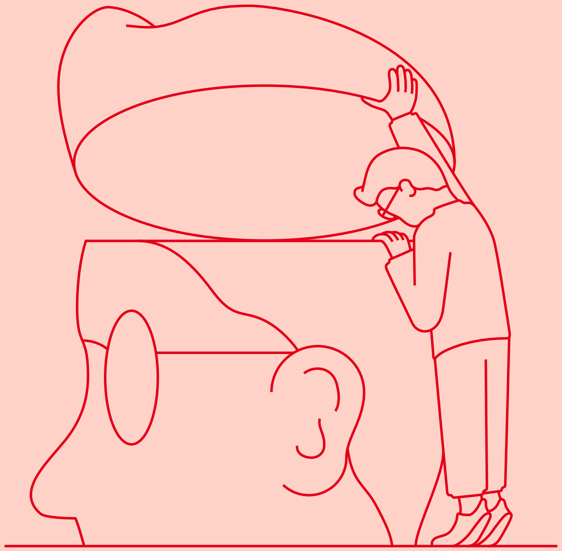
Statement of Changes in Consolidated Equity

	Subscribed capital of Otto GmbH & Co. KGaA	Consolidated retained earnings	Net cost in excess of net assets acquired in step acquisitions	Gains and losses arising from translation of financial statements in foreign currencies	Gains and losses arising from changes in fair values of derivatives held as cash flow hedges	Remeasurements of the net defined liability
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
1 March 2025	**1,180**	**2,508**	**–87**	**1**	**12**	**–425**
Total comprehensive income	0	228	0	–84	–51	47
Profit for the year	0	228	0	0	0	0
Other comprehensive income for the year	0	0	0	–84	–51	47
Result from hedging transactions that have been reclassified to inventories	0	0	0	0	11	0
Capital increase/capital reduction	0	0	0	0	0	0
Changes in entities consolidated	0	179	–134	0	0	0
Step acquisitions	0	0	2	0	0	0
Dividends paid	0	–50	0	0	0	0
Other changes recognized directly in equity	0	–4	0	0	0	0
Group equity as of 28 February 2026	**1,180**	**2,861**	**–219**	**–83**	**–28**	**–378**

	Subscribed capital of Otto GmbH & Co. KGaA	Consolidated retained earnings	Net cost in excess of net assets acquired in step acquisitions	Gains and losses arising from translation of financial statements in foreign currencies	Gains and losses arising from changes in fair values of derivatives held as cash flow hedges	Remeasurements of the net defined liability
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
1 March 2024	**1,180**	**2,411**	**–77**	**–89**	**–4**	**–408**
Total comprehensive income	0	101	0	90	27	–17
Profit for the year	0	101	0	0	0	0
Other comprehensive income for the year	0	0	0	90	27	–17
Result from hedging transactions that have been reclassified to inventories	0	0	0	0	–11	0
Capital increase	0	0	0	0	0	0
Changes in entities consolidated	0	0	0	0	0	0
Step acquisitions	0	0	–10	0	0	0
Dividends paid	0	0	0	0	0	0
Other changes recognized directly in equity	0	–4	0	0	0	0
Group equity as of 28 February 2025	**1,180**	**2,508**	**–87**	**1**	**12**	**–425**

	Gains and losses arising from other financial assets	Share of other comprehensive income of associates and joint ventures accounted for using the equity method	Equity attributable to shareholders of Otto GmbH & Co. KGaA	Non-controlling interests	Publicly-listed equity and participation certificates	Total
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
1 March 2025	**103**	**259**	**3,551**	**1,074**	**284**	**4,909**
Total comprehensive income	9	–5	144	80	3	227
Profit for the year	0	0	228	81	3	312
Other comprehensive income for the year	9	–5	–84	–1	0	–85
Result from hedging transactions that have been reclassified to inventories	0	0	11	0	0	11
Capital increase/capital reduction	0	0	0	142	–248	–106
Changes in entities consolidated	0	–45	0	–449	0	–449
Step acquisitions	0	0	2	–5	0	–3
Dividends paid	0	0	–50	–82	–9	–141
Other changes recognized directly in equity	–2	0	–6	–3	0	–9
Group equity as of 28 February 2026	**110**	**209**	**3,652**	**757**	**30**	**4,439**

	Gains and losses arising from other financial assets	Share of other comprehensive income of associates and joint ventures accounted for using the equity method	Equity attributable to shareholders of Otto GmbH & Co. KGaA	Non-controlling interests	Publicly-listed equity and participation certificates	Total
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
1 March 2024	**123**	**216**	**3,352**	**1,109**	**284**	**4,745**
Total comprehensive income	–20	43	224	48	11	283
Profit for the year	0	0	101	53	11	165
Other comprehensive income for the year	–20	43	123	–5	0	118
Result from hedging transactions that have been reclassified to inventories	0	0	–11	0	0	–11
Capital increase	0	0	0	151	0	151
Changes in entities consolidated	0	0	0	–5	0	–5
Step acquisitions	0	0	–10	10	0	0
Dividends paid	0	0	0	–254	–11	–265
Other changes recognized directly in equity	0	0	–4	15	0	11
Group equity as of 28 February 2025	**103**	**259**	**3,551**	**1,074**	**284**	**4,909**



Notes

Accounting Principles and Policies applied in the Consolidated Financial Statements

Otto GmbH & Co. KGaA, Werner-Otto-Straße 1-7, 22179 Hamburg, Germany (Commercial Register No. HRB 188101, Local Court of Hamburg), and its subsidiaries (hereinafter: "Otto Group") are a retailing and services group mainly operating in three economic regions: Germany, Rest of Europe, and the USA.

The Group's operations comprise the distribution channels of e-commerce retail sales, brick-and-mortar retail and mail-order catalogs, which are combined into the segments of Platforms, Brand Concepts and Retailers, as well as other services in the areas of logistics and services, which are combined in the Services segment. The Group's operations in the Financial Services segment mainly include the purchase of unsecured and secured receivables portfolios.

Michael Otto Stiftung, Hamburg, with its majority stake, is the parent company and at the same time the ultimate parent company of Otto GmbH & Co. KGaA. The consolidated financial statements and the Group Management Report of Otto GmbH & Co. KGaA are published in the company register. The Executive Board of the general partner of Otto GmbH & Co. KGaA, Otto Verwaltungsgesellschaft mbH, approved the consolidated financial statements and the Group Management Report of Otto GmbH & Co. KGaA for publication on 12 May 2026.

1 Principles

The consolidated financial statements ending on 28 February 2026 of Otto GmbH & Co. KGaA were prepared in accordance with the International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB), as applied in the European Union, in compliance with the regulations contained in Directive (EC) No. 1606/2002 of the European Parliament and Council of 19 July 2002, in conjunction with Section 315e (3) HGB. In addition, the supplementary commercial law regulations in accordance with Section 315e (3) HGB in conjunction with Section 315e (1) HGB were taken into account.

The IFRS requirements – as applicable in the European Union – have been met completely and give a true and fair view of the Otto Group's financial position and financial performance.

The consolidated financial statements were prepared in principle on the basis of the recognition of assets and liabilities at amortized cost. This excludes certain non-derivative financial instruments, all derivative financial instruments and investments in equity instruments, which are recognized at their respective fair values on the balance sheet date.

On the basis of the elective right contained in IAS 1, income and expenses recognized in profit or loss are reported in the income statement, while reconciliation of the net result for the period to total comprehensive income through other comprehensive income is recorded in a separate statement of comprehensive income.

Selected items in the consolidated income statement and consolidated balance sheet have been combined to improve clarity. These are explained in detail in the notes to the consolidated financial statements. The income statement is arranged according to the nature of expense method.

As a rule, all amounts are stated in full millions of euros (EUR million) and, with a few exceptions, to one decimal place (Note 39d and Note 41). Commercial rounding may produce figures totaling EUR 0 million.

2 Consolidation

a Consolidation principles

The Otto Group's consolidated financial statements include all significant domestic and foreign subsidiaries over which Otto GmbH & Co. KGaA has complete control, in accordance with IFRS 10, or joint control together with other parties, in accordance with IFRS 11 and IAS 28. In accordance with IFRS 10, control is considered to exist when Otto GmbH & Co. KGaA has decision-making power over the relevant activities, is exposed to variable returns, and has the ability to use its power to influence the amount of these returns.

The equity is consolidated at the acquisition date, using the acquisition method. The acquisition date is the date on which the Otto Group obtains the ability to control the acquired company's net assets and its financial and operating activities. Under the acquisition method, the cost of an acquired equity interest, including any contingent consideration, is offset against the acquirer's share of the fair value of the subsidiary's acquired assets, liabilities and contingent liabilities at the acquisition date. Any remaining differences are capitalized as goodwill. Negative differences resulting from equity consolidation at the acquisition date are immediately recognized in the income statement. The components of non-controlling interests are measured at the amount representing their percentage of the identifiable net assets of the acquired company. Costs incurred in acquiring the equity interest are immediately expensed.

Any undisclosed reserves or charges recognized in measuring assets and liabilities at fair value upon initial consolidation are carried forward, amortized or depreciated, or reversed in subsequent periods, depending on the development of the related assets and liabilities. Goodwill is regularly reviewed for impairment in subsequent periods and is written down to its recoverable amount if appropriate.

The regulations of IFRS 3 with regard to the complete remeasurement of assets and liabilities at the time control is acquired are applied to step acquisitions of interests in companies in which the Otto Group acquires control. The fair value of equity interests previously held by the Otto Group are included in any measurement of acquisition costs. Any differences in the previous measurements of these interests are recognized in the income statement together with amounts contained in accumulated other comprehensive income.

By contrast, step acquisitions at Group companies in which Otto GmbH & Co. KGaA already had direct or indirect control before the purchase are accounted for as transactions between shareholders. Any difference between the purchase price and the share of net assets previously attributable to non-controlling interests resulting from the purchase is shown under consolidated equity as net cost in excess of net assets acquired in step acquisitions. For such transactions, no undisclosed reserves and charges are recognized and no goodwill is reported.

In the event of a loss of control of Group companies in which Otto GmbH & Co. KGaA continues to retain significant influence, the assets and liabilities of the Group companies and any non-controlling interests in those Group companies will be derecognized. The fair value of the remaining shares also represents the initial recognition value for subsequent reporting using the equity method.

Expenses and income as well as receivables and payables between consolidated companies are eliminated. Any material intercompany profits or losses are eliminated.

Significant associated companies and joint ventures are recognized in the consolidated financial statements using the equity method. Jointly controlled operations must be recognized with their share of assets and liabilities as well as their share of income and expenses. The income(loss) from equity investments reflects the Group's share of income or loss from associated companies and joint ventures reported using the equity method. In accordance with IFRS 11, joint control is considered to exist when the management of a company is contractually agreed and collectively performed.

Associated companies are entities over whose financial and operating policies Otto GmbH & Co. KGaA has the ability to exercise significant influence, usually because it owns between 20% and 50% of the voting rights. In accordance with IFRS 11, joint arrangements are divided into either joint ventures or joint operations, depending on the arrangement of the contractually agreed sharing of control. A joint venture is a legally independent company whereby the joint controlling parties have rights to the net assets of the company. A joint operation is considered to exist when the joint controlling parties have direct rights to assets and are directly responsible for liabilities. At present, there are no joint operations within the Otto Group as the Otto Group has no residual interest in the individual assets and liabilities of the joint operations of any company.

Disproportionate capital increases in return for contributions at associated companies that result in a reduction in the Otto Group's ratio of participation in these companies lead to an adjustment of the carrying amount of these investments affecting profit or loss.

Consolidation methods are applied when determining goodwill and the Group's share of the fair value of assets and liabilities. Losses from associated companies and joint ventures that exceed the carrying amounts of these companies or other non-current receivables from the financing of such companies are recognized only where there are legal or actual obligations with respect to the company. Costs incurred in the acquisition of the equity interest are capitalized as a component of the acquisition costs.

The financial statements of Otto GmbH & Co. KGaA and all subsidiaries, associated companies and joint ventures included in the consolidated financial statements have been prepared using uniform accounting policies.

The reporting date of the financial statements of companies included in the consolidated financial statements is normally the same as that of the Group's parent company. Group companies with different reporting dates are included based on the financial statements as of their own year-end dates, provided the date is no more than three months earlier than the Group's financial year-end date. Any significant events that occur between the different financial year-end dates are taken into account.

b Translation of financial statements in foreign currencies

The consolidated financial statements were prepared in euro. Unless otherwise specified, all amounts are stated in millions of euros (EUR million).

Assets and liabilities of Group companies whose functional currency is not the euro are translated using the closing rate as of balance sheet date. Goodwill is also translated at the closing rate, as are fair value adjustments to assets and liabilities of Group companies recognized at the time of initial consolidation. Items in the income statement are translated using the weighted average exchange rate for the financial year concerned. Equity components of Group companies are translated at the corresponding historical exchange rate at the time they arise. Exchange differences resulting from the translation of foreign currencies are recognized as foreign currency translation adjustments under accumulated other comprehensive income or non-controlling interests.

The exchange rates used for translating relevant foreign currency financial statements into euro were as follows:

	Average rate		Closing rate	
Foreign currency for EUR 1	2025/26	2024/25	28.02.2026	28.02.2025
Canadian dollar (CAD)	1.599	1.487	1.614	1.502
Swiss franc (CHF)	0.934	0.953	0.910	0.939
British pound (GBP)	0.862	0.843	0.876	0.826
Hong Kong dollar (HKD)	8.991	8.376	9.236	8.098
Hungarian forint (HUF)	393.467	399.153	376.630	399.500
Polish zloty (PLN)	4.240	4.283	4.224	4.150
Romanian leu (RON)	5.061	4.975	5.096	4.977
Russian ruble (RUB)	92.697	100.940	91.035	92.736
US dollar (USD)	1.153	1.074	1.181	1.041

3 Accounting policies

a Intangible assets

Internally generated intangible assets are recognized at cost incurred during the development phase, i.e. after the technical and economic feasibility of the asset's development was determined and until its completion. Costs capitalized comprise all costs directly and indirectly attributable to the development phase.

Acquired intangible assets are measured at cost.

In the Otto Group, intangible assets with an indefinite useful life include derivative goodwill and, to a lesser extent, trademark rights. These trademark rights mainly exist in the Retailers segment in the amount of EUR 8 million (28 February 2025: EUR 11 million). Corresponding maintenance investments are made to uphold the lasting recoverability of these trademark rights. All other internally-generated and acquired intangible assets, including trademark rights with a limited useful life, are amortized on a straight-line basis over their useful lives, commencing at the time they are initially used, as follows:

	Useful life in years
Software	2-12
Licences	Term of licence agreement
Customer lists	5-12
Brand rights	1-10
Franchises	max. 20
Websites	max. 1

Gains or losses from the disposal of intangible assets are reported under other operating income or expenses.

b Property, plant and equipment

Assets included in property, plant and equipment are capitalized at cost and depreciated applying the straight-line method over their estimated useful lives. Changes in residual values or useful life during use are taken into account in the measurement of depreciation. The cost of property, plant and equipment produced internally within the Group includes all direct costs and overheads directly attributable to their production. Subsequent expenses are capitalized if these lead to a change in the purpose of the use or to an increase in the value in use of the asset. Gains or losses from disposals of property, plant and equipment are reported under other operating income or expenses.

Depreciation is based on the following Group-wide useful lives:

	Useful life in years
Buildings	15-50
Leasehold improvements	Rental term, max. 28
Technical plant and machinery	4-30
Operating and office equipment	2-30

c Impairment losses on intangible assets, property, plant and equipment and right-of-use assets

Impairment losses on intangible assets, including goodwill, and on property, plant and equipment as well as right-of-use assets are recognized when the carrying amount of an asset is no longer covered by the estimated proceeds from its disposal, or the discounted net cash flow from its future use. If the recoverable amount cannot be determined for an individual asset, cash flow is calculated for the next highest identifiable group of assets for which such cash flows can be determined. The need to adjust the values of intangible assets with an indefinite useful life and those in development is always checked immediately whenever certain events or changes in circumstances suggest that the recoverable amount no longer corresponds to the carrying amount – but at least once per year. To check for impairment, goodwill is allocated to groups of cash-generating units that are expected to generate synergy effects as part of business mergers. Since goodwill is always monitored by the Otto Group's Executive Board on the level of the segments, the groups of cash-generating units correspond to the segments. An exception is the Financial Services segment for which the goodwill is monitored on the level of the Group companies or groups within the segment.

Goodwill is written down on the basis of annual impairment tests. The discounted net cash flows from the value in use are used to determine the recoverable amount for the measurement of impairment losses. Key drivers are the free cash flow margin (after tax) in the terminal value, the capitalization rate for discounting future cash flows and the growth factor after the end of the forecast horizon.

Net cash flow from future use is generally determined using the planning of Group companies, based on which net cash flow trends are inferred for the subsequent periods based on a growth factor. The Group planning is based on assumptions related to macroeconomic developments and changes in selling and purchasing prices in particular. In addition to these current forecasts, developments and experiences from the past are also taken into account. Projected net cash flows are discounted on an after-tax basis using a risk-adjusted, country-specific interest rate. Other parameters are taken from standardized industry data.

Impairment losses are reversed in subsequent financial years if the reasons for impairment no longer apply. Such revaluations may not raise the carrying amount of the asset above the amount that would have been determined had no impairment loss been recognized for the asset in earlier years. An impairment loss recognized for goodwill is not reversed.

d Financial instruments

The Otto Group uses non-derivative and derivative financial instruments. These include cash and cash equivalents, receivables, other financial investments, other financial assets, financial liabilities as well as forward exchange transactions, currency swaps, currency options and interest rate swaps.

The Otto Group accounts for financial assets on delivery, i.e. as at the settlement date. Derivative financial instruments, which are accounted for on the trading date, are an exception. Initial recognition of a financial asset is based on the asset's classification under one of the following three IFRS 9 categories: measured at amortized cost (AC), measured at fair value through other comprehensive income (FVOCI) and measured at fair value through profit or loss (FVPL). In the Otto Group, a financial asset is recognized initially at fair value plus any directly attributable transaction costs, provided the financial asset does not fall under the FVPL category. Trade receivables without significant financing components constitute an exception here and are measured at the transaction price. In accordance with IFRS 9, financial assets are subsequently measured either at amortized cost using the effective interest method or at fair value through other comprehensive income or through profit or loss.

Financial liabilities are initially measured at fair value taking into consideration premiums, discounts and transaction costs. Subsequent measurement is carried out at amortized cost. Non-current liabilities are measured at amortized cost using the effective interest method. Financial liabilities categorized as FVPL are measured at fair value both on initial and subsequent recognition.

In accordance with IFRS 9, impairment losses on financial assets are calculated using an expected credit loss model. This requires discretionary decisions to be taken in terms of assessing the extent to which expected credit losses are influenced by changes in economic factors. Trade receivables and contract assets without significant financing components are to be measured based on lifetime credit losses at all times, and this approach should also be applied if the credit risk of a financial asset as of the closing date has increased significantly since it was first recognized. The Otto Group uses the simplified procedure for the classification of risk prevention for trade receivables, whereby the amount of the value allowance since initial recognition of the trade receivable is measured using the expected credit losses over the term.

The generalized value allowances for expected credit losses (ECL) for trade receivables are generally calculated using the dunning level escalation method, whereby each dunning level is allocated to an explicit probability of default. This allocation is possible as receivables pass through a number of clearly defined credit management process steps before they are handed over to a collection agency. Based on empirical observation, only receivables that are overdue by at least 90 days generally need to be handed over to a collection agency. However, not all receivables in arrears for 90 days will necessarily be passed on for collection as a moratorium may be granted, for example. The value adjustment rates applied in this model are based on the rolling annual average over the last five years and also include a forecast for future macroeconomic and political conditions as well as individual risk assessments.

A specific value adjustment is applied to a financial asset if, at the financial year-end date, there are indications that the borrower may not fully meet their obligations to the Otto Group or that the financial asset has been handed over to a collection agency. The Otto Group will hand over a receivable to a collection agency as soon as the overdue receivable has passed through the prior dunning levels without being settled. At this point, trade receivables are generally at least 90 days overdue. If the irrecoverability of certain trade receivables is expected, such as due to insolvency or the death of a customer, they are derecognized.

In the 2025/26 financial year, no changes were made to significant assumptions concerning value allowance estimates.

In the case of receivables from financial services, the special provision for financial assets for which there is objective evidence of impairment losses on receipt is generally applied. These are to be reported at their carrying amount reduced by the credit losses expected over the entire term and amortized accordingly using a risk-adjusted effective interest rate. At the financial year-end date, only the cumulated changes to the expected credit losses over the term since initial recognition are to be reported as a value allowance.

Financial assets are derecognized if either the rights to cash flows generated from the assets expire, or if substantially all opportunities and risks are transferred to a third party in a manner that meets the criteria for derecognition. Various Group companies sell receivables and remove them from the consolidated balance sheet. Moreover, receivables with a term of up to one year are sold as part of ABS (asset-backed securities) transactions. Irrespective of the legal transfer of the receivables to the acquirer, the Otto Group must continue to recognize the receivables if significant opportunities and risks remain with the Group companies due to the contractual structure. Provided that the receivables continue to be recognized in the Group, a financing liability is recognized for the cash and cash equivalents received by the Group companies from the sale until the receivables are repaid by the customer. If significant opportunities and risks are only partially transferred to the acquirer when receivables are transferred, they are recognized in the balance sheet in the amount of the continuing involvement. Another financial liability is recognized in the same amount (continuing involvement). The Group companies have committed to the buyers that they will also handle the management of these trade receivables and receivables from financial services after the sale. Appropriate provisions in the amount of EUR 2 million are recognized for these obligations on the balance sheet date (28 February 2025: EUR 2 million).

Financial liabilities are derecognized if the corresponding obligations are fulfilled or cancelled or lapse or if significant changes are made to the contract terms.

In accordance with IFRS 13, all financial instruments that are accounted for in the financial statements at fair value are categorized into three levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access;

Level 2: input factors other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices);

Level 3: factors for the measurement of the asset or liability that are not based on observable market data (unobservable inputs).

Reclassifications between the various levels are recognized at the end of the reporting period in which the change is made.

Financial assets measured at amortized cost

Cash and cash equivalents consist of cash on hand and bank deposits. They are recognized at their nominal value.

Trade receivables, receivables from financial services and other non-derivative financial assets are initially recognized at fair value. Receivables from financial services include purchased receivables.

Subsequent measurement is carried out at amortized cost, using the effective interest method.

Financial assets measured at fair value through profit or loss

This category includes earn-out agreements and call options for which the fair value can vary according to certain contractually arranged variables. Securities traded on the capital market are also included in this category.

Investments in equity instruments

Shares in companies that do not follow IFRS 10, IFRS 11 or IAS 28 accounting rules are reported under other financial investments. For such investments in equity instruments, IFRS 9 provides for measurement at fair value through profit or loss (FVPL) as well as the option to have value changes recognized in other comprehensive income (FVOCI). Each financial instrument is to be classified on an individual basis.

The Otto Group recognizes investments in equity instruments through other comprehensive income as well as through profit or loss. Investments for which changes in value cannot be recorded in other comprehensive income are measured through profit and loss. This is the case if the shares do not fulfil the criteria defined in IAS 32 in relation to equity classifications or if the shares are held for trading purposes. All other investments can be measured at fair value through other comprehensive income. The decision to classify an investment based on FVOCI or FVPL is made on a case-by-case basis. Subsidiaries that are not included in the consolidated financial statements due to their minor significance are accounted for at fair value through profit or loss.

If equity instruments that were recognized through other comprehensive income are disposed of, the profit or loss not recognized up to this point is reclassified as consolidated retained earnings through other comprehensive income, taking into account the corresponding tax implications. For investments recognized at fair value through profit and loss, the profit or loss resulting from the change in fair value is recorded directly through profit and loss.

Financial liabilities measured at amortized cost

For some years, the Otto Group has offered reverse factoring programs to selected suppliers. These suppliers have an additional option when structuring their own refinancing. The purpose of these agreements is to enable efficient payment processes and to offer participating suppliers early payment dates.

The payment terms agreed with suppliers for the trade payables in question are not contractually linked to the existence of reverse factoring programs and are within the normal industry context. The range of payment terms for trade payables that are not subject to reverse factoring programs does not differ significantly from that of trade payables that are linked to reverse factoring programs. The amounts covered by the agreement are therefore reported under trade payables (see Note 28), as the nature and function of these liabilities remain the same as for other trade payables. Accordingly, the associated payments to a reverse factoring provider are regarded as cash outflows from operating activities.

The average payment terms for trade payables that are part of a reverse factoring agreement are between 75 and 105 days, depending on the region. The average payment terms for comparable liabilities that are not part of a reverse factoring agreement are between 60 and 105 days.

Derivative financial instruments and hedging relationships

The Otto Group uses derivatives as hedges against foreign exchange and interest rate risks. Derivative financial instruments are recognized at fair value.

Accounting for changes in the fair value of derivative financial instruments depends on whether they are designated as hedging instruments and fulfill the conditions for classification as a hedging relationship under IFRS 9.

If these conditions are not fulfilled, despite the presence of an underlying economic hedging relationship, changes in the fair value of the derivatives are recognized directly through profit and loss.

The effective portion of the change in fair value of a derivative financial instrument designated and qualifying as a cash flow hedging instrument (cash flow hedge) is recognized directly in accumulated other comprehensive income, taking into account the related tax effect. The ineffective portion is recognized in the income statement. The effective portion is then recognized through profit or loss or included directly in the cost of purchased goods and services when the expected cash flows from the underlying transaction affect profit or loss.

In addition, there are options on shares in associated companies. These options are measured at fair value in accordance with IFRS 9. Changes in fair value are recognized through profit or loss under other net financial income.

Net investment in a foreign operation

A change in the fair value of a monetary item classified as part of a net investment in a foreign operation that is attributable to changes in the exchange rate is accounted for in accumulated other comprehensive income. Gains or losses recognized in accumulated other comprehensive income are to be reclassified from consolidated equity to the consolidated income statement when the foreign company is sold or liquidated. The monetary item represents a component of net investment in the foreign operation if the settlement of the item is neither planned nor probable in the foreseeable future.

Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction on which the price is based takes place either in the principal market or in the most advantageous market to which the Otto Group has access. The price is measured using the assumptions that market participants would use when establishing pricing and takes into account the relevant credit risk.

The fair value of financial instruments is calculated on the basis of appropriate market values or by applying other suitable measurement methods. For cash and cash equivalents and other non-derivative short-term financial instruments, it is assumed that the fair value corresponds to the carrying amount.

The fair values of non-current receivables and other assets and of non-current liabilities are calculated based on expected cash flows using market interest rates in effect on the balance sheet date. The fair value of derivative financial instruments is determined based on forward foreign exchange rates and market interest rates on the balance sheet date. The credit default risk of the respective counterparty risk is determined using the add-on method taking into account the default probability of the specific counterparty risk. The probability of default is determined on the basis of liquid credit default swap spreads or market-listed bond prices.

When determining the fair value of put options, contractually agreed payments are taken into account. Where planned income components are relevant to the fair value, these will be determined based on the discounted cash flow method taking the relevant company planning into account. The discount rates are based on weighted average capital costs. Relevant unobservable inputs for determining the fair value include planned income components. The Group regularly reviews the key unobservable inputs and measurement adjustments.

Interest rate swaps are measured by discounting future cash flows based on the applicable market interest rates on the balance sheet date for the remaining term of the contracts. Market values of forward exchange transactions are determined by comparing the contracted forward price with the forward price on the balance sheet date for the remaining term. The resulting value is then discounted, taking account of current market interest rates for the respective currency on the balance sheet date. Currency options are measured using a recognized actuarial method (Black-Scholes option pricing model), taking into account currency rates and volatilities applicable as of the balance sheet date. The Otto Group only concludes derivative contracts with banks that have at least an acceptable credit rating. The Group's own and counterparty-specific default risks are regularly monitored and are taken into account when calculating the fair value of derivative financial instruments.

e Inventories

Inventories are measured as of balance sheet date at the lower of acquisition or production cost and net realizable value. Net realizable value is the estimated selling price less the estimated costs necessary to make the sale.

The cost of merchandise included in inventories is determined on the basis of a weighted average price or by using the standard cost method.

Acquired properties and buildings intended for short-term sale are reported under inventories based on the assessment that they can be sold in the short term. An impairment test is carried out at least once a year by comparing the current carrying amount with the net realizable value. The historical acquisition costs form the upper limit for reversals of impairment losses.

f Provisions for pensions and similar obligations

Provisions for pensions and similar obligations are calculated using the projected unit credit method pursuant to IAS 19, taking expected future salary and pension increases into account. The pension obligations are measured on the basis of expert opinions on pensions, including any plan assets held to cover these obligations. Remeasurements of the net defined benefit liability are recognized directly in other comprehensive income. Remeasurement includes the actuarial gains and losses, the return on plan assets (excluding interest income included in net interest expenses) and the effects of any asset limit (excluding interest income included in net interest expenses). A surplus of assets from defined benefit plans is only recognized to the extent that an economic benefit is available. This economic benefit consists of potential refunds from the plan assets or future reductions in contributions and is determined by taking into account the respective plan and country-specific legal and contractual framework conditions. The Group calculates the net interest expenses on the net defined benefit liability for the reporting period by applying the discount rate which was used for the measurement of the defined benefit obligation at the beginning of the annual period. The net interest expenses and the current and past service cost are taken to the consolidated income statement.

Occupational pensions in the Group take the form of both defined contribution plans as well as defined benefit plans. The expenses of defined contribution obligations and defined benefit obligations are included in personnel expenses, except for net interest income (expense). The compounding of the net pension obligation acquired in prior years is reported in net financial result. The retirement plans are organized in compliance with the legal, tax and economic conditions prevalent in the respective countries.

Under defined contribution pension plans, Otto Group companies make payments to external pension institutions and have no further benefit obligations to the beneficiaries.

Provisions for defined benefit pension plans are recognized for obligations arising from accrued rights and current benefits payable to former and active Otto Group employees and their survivors. The structure of the plans is normally based on the length of service, remuneration, status and the contributions of employees.

The principal defined benefit pension plans are in place at the Otto Group companies domiciled in Germany and the United Kingdom. Pension plans in Germany are normally unfunded. These comprise employer financed benefit obligations and defined contribution obligations financed by both the employer and the employee. A major part of the employer-financed benefit obligations was closed as of 1 January 2014 for new entries. At the companies domiciled in the United Kingdom most pension plans are funded. These plans are predominantly based on the frozen average salaries of employees. The plans in the United Kingdom were closed with effect from 28 February 2009 for new entries. The plans benefits in Germany and the United Kingdom are predominantly rendered in the form of pension payments.

The Otto Group is exposed to various risks in connection with the defined benefit plans. Besides general actuarial risks, such as the longevity risk and the interest rate fluctuation risk, the Otto Group is exposed to the currency risk and the capital market or investment risk. Pension payments in Germany are secured against the consequences of insolvency in accordance with the Occupational Pensions Act. For this, annual contributions are paid to the Pensions-Sicherungs-Verein VVaG (Pensions Security Association Mutual Insurance Association).

g Other provisions

Other provisions cover all of the Otto Group's legal and constructive obligations to third parties on the financial year-end date as a result of past events for which settlement is probable and the amount of which can be estimated reliably. The provisions are measured at their probable settlement amount, taking all foreseeable risks into account. This represents the best possible estimate of the cost of settling the present obligation at the balance sheet date. Non-current provisions are recognized at their settlement value, discounted to the balance sheet date using appropriate market interest rates.

Provisions for restructuring expenses are recognized if the restructuring plans have raised a valid expectation on the balance sheet date and have already been communicated to the parties affected by the restructuring or their representatives.

h Leases

Lessee

At the start of a lease, an assessment is made to determine whether the underlying contract constitutes or contains a lease within the meaning of IFRS 16. This is the case if the contract authorizes control over use of an identified asset for a certain period of time in return for payment of a consideration. At the start date or amendment date of a lease, the contractually agreed consideration is allocated on the basis of the relative individual selling prices and a distinction is made between lease components and non-lease components. If this is not possible, the exemption rule is exercised whereby the requirement to separate the lease into lease and non-lease components is waived.

As the lessee, the Otto Group systematically records an asset for the granted right-of-use asset, and a lease liability for the payment obligations entered into at the start date of the lease.

The right-of-use asset is initially measured at cost, which corresponds to the initial measurement of the lease liability. In addition, an adjustment is made to take into account payments already made on or before the lease start date, plus any initial direct costs and the estimated cost of dismantling or disposing of the underlying asset, less any incentive payments received by the lessor. The right-of-use asset is depreciated on a straight-line basis from the lease start date until the end of the lease period. However, if ownership of the underlying asset passes to the lessee at the end of the lease term, or if the cost of the right-of-use asset takes into account exercise of a purchase option, the right-of-use asset is depreciated over the expected economic useful life of the underlying asset. Moreover, the right-of-use asset is continuously adjusted for impairment losses, where necessary, and to take into account certain reassessments or modifications to the lease liability.

The lease liability is recognized based on the present value of the outstanding lease payments as of the lease start date. If the interest rate on which the lease is based cannot be readily determined, the Group's incremental borrowing rate is used for discounting. The lease payments included in the measurement of the lease liability include fixed payments and de facto fixed payments as well as variable index-linked lease payments. The variable lease payments are measured based on the index value applicable on the lease start date. Amounts likely to be paid under a residual value guarantee are also included, as are exercise prices for a purchase option or lease payments for a renewal option, provided there is a sufficient degree of certainty that these options will be exercised.

The lease liability is measured at the amortized carrying amount using the effective interest method. The liability is revalued if there are changes to future lease payments due to an index adjustment or if the estimated value of expected payments is modified under a residual value guarantee. A reassessment is also carried out if the lessee changes its assessment in relation to the exercise of a purchase, renewal or termination option or if a de facto fixed leasing payment changes. The lease liability is modified if there is a change made to lease payments that was not included in the original lease.

If a reassessment or modification is applied to a lease liability, a corresponding adjustment is made to the carrying amount for the right-of-use asset. This adjustment is made at fair value through profit and loss if the carrying amount of the right-of-use asset is zero, or if the reduction in the carrying amount of the right-of-use asset differs from the reduction in the lease liability in absolute terms.

The Otto Group exercises the exemption option that is provided for lease contracts for short-term leases and leases for low-value assets and does not recognize any right-of-use asset or lease liability for these leases. In addition, leases for privately used vehicles have not been recognized on the balance sheet for reasons of materiality. These are classified as low-value leases. The lease payments for such leases are recognized as an expense on a straight-line basis over the term of the lease.

Lessor

In a small number of cases, the Otto Group acts as a lessor. In such cases, the lease is classified as a finance or operating lease within the meaning of the definition contained in IFRS 16.

As the lessor in an operating lease, the Otto Group continues to recognize the leased object as an asset at acquisition and production costs less accumulated depreciation and impairment losses under property, plant and equipment. Lease payments received from operating leases are reported under other operating income. In the event of a finance lease, the transferred leased asset is derecognized and an asset from the finance lease is recognized as a receivable for the amount of the net investment value from the lease.

i Income tax

The income tax reported in the consolidated income statement consists of current and deferred taxes. Current and deferred taxes are recognized in income unless they are related to a business merger or an item recognized directly in Group equity or other comprehensive income.

Deferred tax assets and liabilities are recognized to account for the future tax effects of all temporary differences between the carrying amounts reported for tax purposes and those recognized in the IFRS consolidated financial statements, and also on tax loss carry-forwards. Deferred tax is measured on the basis of the laws and regulations enacted by the end of the financial year for those financial years in which the differences will be reversed or the losses carried forward will probably be used. Deferred tax assets are recognized on temporary differences and losses carried forward only if it is sufficiently probable that they will be realized in the future.

Deferred tax is recognized on temporary differences resulting from assets and liabilities measured at fair value when accounting for business combinations.

Deferred tax is recognized on temporary differences in derivative goodwill only if the amortization of derivative goodwill is deductible for tax purposes.

Deferred tax assets and liabilities are offset, providing that they refer to income taxes raised by the same tax authority and current taxes are eligible to be offset.

Current and deferred tax liabilities for which there is uncertainty in relation to income tax treatment are only recognized in cases where it is likely that the corresponding tax amounts will be paid or reimbursed. Here it is to be assumed that the tax authorities will exercise their right to review declared amounts and will have full knowledge of all related information. In applicable cases, the Otto Group always takes an individual view of the tax situation and evaluates it based on the most likely amount.

The gradual reduction in the corporate income tax rate in Germany as of 2028 was recognized when calculating deferred taxes. Over a period of five years, the tax rate will be reduced by one percentage point each year to 10%.

With recognition of the reduction in corporate income tax, deferred taxes on 28 February 2026 were calculated using an average tax rate of 11%. The effects from the revaluation of deferred taxes on 28 February 2026 are insignificant overall and are almost completely offset by the temporary differences and tax loss carry-forwards.

The global minimum tax, which is levied in line with the German Minimum Tax Act, represents an income tax in accordance with IAS 12. These taxes are therefore presented as actual tax expenses/income at the time they are incurred. The Group applies the temporary, mandatory exemption with regard to the recognition of deferred taxes resulting from the introduction of global minimum taxation. No deferred taxes are recognized in relation to the global minimum taxation rules, and no information regarding them is disclosed.

j Recognition of income and expense

Revenue is recognized when performance obligations have been met by transferring control of the asset or service to the customer.

In the Platforms, Brand Concepts and Retailers segments revenue is recognized at the time at which the performance obligation is fulfilled. The revenue is therefore recognized when control of the asset is transferred to the end customer in tandem with transfer of the asset. The Group companies generate a portion of its revenue by providing trading platforms to external sellers. The resulting agency services are recognized as part of the principal-agent assessment in accordance with IFRS 15 at the time the purchase agreement is entered into with the end customer in the amount of the net proceeds received as the agent.

In most cases, payment is received from the customer before the end of the payment term. The payment terms are based on the applicable general terms and conditions of the respective Group company. However, the claim for payment generally falls due 30 days (2024/25: 30 days) after delivery. Financed purchases based on market interest rates are offered based on a term of up to 90 months (2024/25: 90 months). Payments received prior to provision of the contractual service are recognized as contract liabilities. Interest income from customer financing is reported under revenue.

The transaction price contains variable components in the form of return rights and discounts granted. The forecasted returns are determined based on the projections for the individual product categories. Return obligations for expected refunds are reported as liabilities. Claims for goods returns are reported as other assets.

The recognition of supplier subsidies is recorded under revenue or as a reduction of expenses under purchased goods and services, depending on the service rendered. The indicators for reporting are the identifiability of the service in terms of type and scope and its verifiability.

In the Services segment, revenue is primarily generated through transport and fulfillment services and is recognized in the period in which it is generated. The customer benefits from these services as they are being performed. Revenue is therefore recognized in line with the degree to which the performance obligation is met. For transport revenue, this corresponds to the distance traveled compared to the overall distance, for example. In the case of revenue from private end consumers, i.e. the B2C sector, payment is received when the transport goods item is handed over to the delivery company. The payment is recognized as a contract liability based on the degree to which the performance obligation is met. In the B2B sector, payment terms of up to 90 days (2024/25: 90 days) are granted.

Revenue in the Financial Services segment is recognized through escrow collection at the time of service provision. The service is considered to be provided on receipt of payment. The agreed commission is withheld from the payment and reduces the amount that is paid to the customer. Income from purchased receivables is recognized as revenue once payment has been received. Revenue corresponds to payment receipts from purchased receivables, reduced by the repayment amounts determined using the effective interest method.

The non-reportable Digital Health segment recognizes revenue either at a point in time or over time, depending on the performance obligation. Revenue generated from digital health and data analysis services is recorded at the time the service is provided. In addition, a basic monthly fee must be paid for using telemedical consultations, which is realized based on the specific period.

In all segments, the Otto Group divides contract liabilities into outstanding performance obligations with a term of up to one year and outstanding performance obligations with a term of more than one year. These primarily include customer loyalty programs, customer vouchers and warranty extensions. In the case of customer vouchers and customer loyalty programs on the basis of bonus points, the revenue is recognized at the time of utilization. Utilizations typically occur within six months (2024/25: within five months) after a voucher is purchased, or within nine months (2024/25: within nine months) after bonus points are earned. In the case of warranty extensions, the revenue is recognized over the remaining term on a straight-line basis. Other performance obligations that have not yet been fulfilled have a term of up to one year and are not reported separately through application of the simplified options.

The acquisition costs for contracts with a useful life of up to one year are recognized directly as an expense. Other operating income is recognized at the performance date, provided that the amount can be reliably measured and that it is probable that the economic benefits will flow to the entity.

Earnings from sale and leaseback transactions are recognized immediately in income if the requirements for accounting for an asset as a sale in accordance with IFRS 15 are met.

Interest income accruing to the Otto Group when merchandise is purchased on credit is recorded for the period using the effective interest method. Fees from banking and other financial services, such as receivables management or collection activities, are recorded as income from financial services as soon as the service in question has been performed.

Operating expenses are recognized in the income statement at the time the service utilization, or when the costs are incurred. Expenses for advertising and promotion activities are charged when the Otto Group acquires the ability to control the goods and services used in connection with these activities. In accordance with IAS 38, advertising and promotion activities also cover the catalogs and other print media used in the Platforms, Brand Concepts and Retailers segments.

Interest is recorded as an expense or income in the period to which it relates. Interest expenses incurred in connection with the purchase or production of qualifying assets are capitalized in compliance with IAS 23. At the Otto Group, a qualifying asset is an asset for which a period of more than one year is usually intended for its purchase or production.

The interest advantages of low-interest public-sector loans are recognized in the income statement and accrued to the relevant period, whereby the portion for future financial years is posted to a deferred income item.

Dividends are normally recognized at the date on which legal entitlement to payment arises.

k Share-based payment programs

Share-based payment programs were established for ABOUT YOU Holding AG, Hamburg (previously ABOUT YOU Holding SE), which was deconsolidated in the 2025/26 financial year. Moreover, put options on management shares with a remuneration component were granted in the 2022/23 financial year in the context of the acquisition of Medgate Holding AG, Basel, Switzerland.

The specific design of these programs is described in Note 32.

l Classification of partners' capital in limited partnerships

Non-controlling interests in consolidated subsidiaries in the legal form of a commercial partnership, where the shareholders can oblige the company to pay out the capital contributions and the profit shares attributable to them by exercising a statutory right of termination that cannot be excluded by the articles of association, are to be classified as liabilities and are reported as other financial liabilities, since these shares do not fulfill the criteria defined in IAS 32 with respect to the classification as equity. Changes in the value and interest components of liabilities are either expensed or recognized as a gain in the consolidated income statement.

m Publicly-listed equity and participation certificates

Any financial instruments that the Otto Group issues on capital markets are classified as equity as long as there are no termination rights that could obligate the Otto Group to repay the capital paid in by the holder. Accordingly, interest or dividends on such instruments are not reported as interest expense, but as part of the appropriation of net income for the year.

Profit and loss participation certificates issued by the Otto Group are a component of consolidated equity as long as the terms and conditions governing the profit and loss participation certificates do not result in a repayment obligation on the part of the Otto Group, the emergence of which is outside the Otto Group's discretionary power. The benefits arising from these profit and loss participation certificates are accordingly shown as an appropriation of net income. The transaction costs are accounted for as a deduction from equity.

n Profit and loss participation rights

The profit and loss participation rights that the Otto Group issues to employees are classified as financial liabilities under IAS 32, because a repurchase obligation can arise for the Otto Group on expiry of a six-year waiting period at the request of the holder of the profit and loss participation certificate. These financial instruments, which are classified as puttable, may have to be satisfied prior to the claims of the partners on liquidation. The company allowances granted on the basis of issued profit and loss participation rights are included under personnel expenses, and performance-related profit and loss participation is reported under interest and similar income or expenses.

o Transactions in foreign currencies

Purchases and sales in foreign currencies are translated using the exchange rate on the day of delivery. Assets and liabilities in foreign currencies are translated into the functional currency using the closing rate at the balance sheet date. Any resulting gains and losses are recognized in the income statement.

p Assets held for sale and disposal groups

Assets or disposal groups are reported under assets held for sale if a sale of the assets or disposal groups within the next twelve months is considered highly probable and if the assets are in a ready-for-sale condition and will not be realized through continued use. These assets or disposal groups are recognized at the lower value of the carrying amount and the fair value less costs to sell. An impairment loss on a disposal group would first be allocated to goodwill and then, taking into account the requirements of IFRS 5, to the remaining assets and liabilities on a pro rata basis, with the exception that no loss is allocated to inventories, financial assets, deferred tax assets and assets relating to employee benefits, which continue to be evaluated according to the other accounting methods within the Group.

Intangible assets, property, plant and equipment and right-of-use assets are no longer subject to scheduled depreciation or amortization. Impairment losses arising on initial classification as held for sale along with subsequent gains and losses on revaluation until sale are recognized in profit or loss. If shares in associated companies and joint ventures that were previously included in the consolidated financial statements using the equity method are reclassified as assets held for sale in order to ensure compliance with the criteria of IFRS 5, they are no longer recognized using the equity method.

A group of assets held for sale is classified as a discontinued operation within the meaning of IFRS 5 if this group can be clearly distinguished from the remaining units of the Group in regard to its business activities and cash flows and constitutes a significant business activity. If a business activity is reported as a discontinued operation, the business activities are reported separately in the consolidated income statement. The comparative information in the consolidated income statement is adjusted retrospectively as if the operation had already been classified as a discontinued operation at the beginning of the comparative period.

q Use of estimates and assumptions

The preparation of consolidated financial statements in accordance with IFRS involves making estimates and assumptions that affect the recognition of assets and liabilities, contingent liabilities at the balance sheet date, and the recognition of income and expenses. Actual amounts may differ from the amounts arrived at using these estimates and assumptions.

The macroeconomic environment, which is currently subject to a high degree of uncertainty, is a relevant factor influencing the development of estimates and assumptions.

In particular, material estimates and assumptions were made in determining uniform depreciation and amortization periods for the Group on property, plant and equipment, intangible assets and right-of-use assets (see Notes 14, 15 and 16), the valuation of investments within the framework of venture activities (see Note 17), value allowances for merchandise and receivables (see Notes 18 and 19), return rates for measuring delivery claims from expected returns (see Note 21), the parameters for measuring pension provisions (see Note 24), the determination of the fair value of obligations under put/call options and share-based remuneration (see Note 32) and the likelihood that deferred tax assets can be utilized (see Note 13). The measurement of intangible assets, property, plant and equipment and right-of-use assets in connection with impairment testing under IAS 36 was based on budget data for forecasting cash flow and standardized sector information for determining discount rates.

Numerous lease contracts that include renewal and/or termination options have been concluded. Renewal and/or termination options mainly arise in the case of lease contracts classified as land, land rights and building assets. The degree to which the exercise or non-exercise of an option is reasonably certain is a discretionary decision that takes into account all facts and circumstances that provide an economic incentive to exercise renewal options or to not exercise termination options. If a significant event or change in circumstances occurs, the lease term is redefined.

Following guidelines provided for in IFRS 7, pro forma currency and interest curves that may deviate from actual market values on the balance sheet date were used for sensitivity analyses in Note 36c.

r New IASB pronouncements

The Standards required to be applied for the first time in the 2025/26 financial year had no material effect on the presentation of the Group's financial position or financial performance.

Application of the following Standards published by the IASB which may have a possible effect on the Otto Group's IFRS consolidated financial statements is not yet obligatory, either because they have not yet been endorsed by the European Union or because the date of first-time application has not yet been reached. In the case of Standards that have already been endorsed by the EU, the Otto Group has not proceeded with early application.The Standards or amendments to current Standards are to apply to financial years beginning on or after the date of application indicated.

		Application date
AIP	Annual Improvements Volume 11	1 January 2026
IFRS 9/IAS 7	Amendments to the Classification and Measurement of Financial Instruments Amendments to IFRS 9 and IFRS 7	1 January 2026
IFRS 9/IFRS 7	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19*	Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
IFRS 19*	Subsidiaries without Public Accountability: Disclosures	1 January 2027
IAS 21*	Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyper-inflationary Presentation Currency	1 January 2027

* Standard or amendments to a standard have not yet been endorsed by the EU.

In April 2024, the IASB published a new Standard with IFRS 18, which will replace IAS 1 in the future. IFRS 18 establishes new requirements, particularly with regard to the presentation of profit or loss, including fixed totals and subtotals. Income and expenses above the earnings before taxes (EBT) subtotal are to be divided into three new categories in the future: Operating, Investing and Financing. In addition, two new mandatory subtotals have been introduced: Operating Profit and Profit before Financing and Income Taxes. The previous EBT and profit for the year totals remain unaffected by the adjustments. In addition, IFRS 18 requires the disclosure of performance-related key figures defined by the Executive Board, referred to as "management-defined performance measures." Furthermore, new guidelines for the aggregation and disaggregation in the financial statements have been introduced.

The Otto Group is required to apply IFRS 18 for the first time as of the 2027/28 financial year. The Otto Group is currently evaluating the potential impact of IFRS 18 on the consolidated financial statements, particularly with regard to the presentation of the consolidated income statement and the consolidated cash flow statement and the other disclosure requirements in the notes to the consolidated financial statements.

Scope of Consolidation

4 Scope of consolidation

An overview of the composition of Otto Group's scope of consolidation is provided by the following list:

	2025/26	2024/25
Fully consolidated subsidiaries		
Domestic	137	152
Foreign	194	197
Total	**331**	**349**
Associates and joint ventures reported under the equity method		
Domestic	7	11
Foreign	10	12
Total	**17**	**23**

In the 2025/26 financial year, 17 Group companies were merged within the Otto Group (2024/25: 12 companies).

The consolidated financial statements include 2 companies (28 February 2025: 4) with a different reporting date, which is normally 31 December. The inclusion of Group companies with a different reporting date had no significant effect on the Otto Group's financial position and financial performance.

The Otto Group holds 49% of the shares in the Group company Baur Versand (GmbH & Co KG), Burgkunstadt, and can exercise control under company contractual regulations.

The Otto Group holds 49.5% of the shares in the Group company Creditable Opportunities Fund SCA SICAV-RAIF – Creditable Sub-Fund 1, Luxembourg, Luxembourg, and its subsidiaries, 49% of the shares in the company Creditable Opportunities Fund II SCS-RAIF – Southrock II, Luxembourg, Luxembourg, and 40% of the shares in the company Fonds Commun de Titrisation Fedinvest 3, Pantin, France, and can exercise control on the basis of contractual provisions.

The Otto Group does not hold shares in Hefesto STC, S.A. – GalilEOS Securitisation No. 1, Lisbon, Portugal. However, it can exercise control on the basis of contractual provisions.

A wholly owned subsidiary of Otto GmbH & Co. KGaA holds 1% of the shares in one of the subsidiaries of FORUM Grundstücksgesellschaft m.b.H., Hamburg. Furthermore, the Otto Group does not have any controlling interest in FORUM Grundstücksgesellschaft m.b.H, Hamburg, but can exercise control via the company and its subsidiaries under company contractual regulations. The Otto Group is not at any risk from guarantees or warranties. The Forum Group is involved in the Group's cash pooling arrangement and can benefit from inter-Group loans.

The Otto Group does not hold any shares in OTTO Grundstücksbeteiligungsgesellschaft m.b.H., Hamburg, and GSV Grundstücksbeteiligungsgesellschaft m.b.H., Hamburg, but was able to exercise control over the companies until the end of the 2024/25 financial year due to the identity of persons on the Executive Board. On 28 February 2025, the identity of the persons ceased to exist due to the change in the Executive Board of Otto Verwaltungsgesellschaft mbH, and the two Group companies mentioned above were deconsolidated.

5 Changes in the scope of consolidation

a Acquisitions

On 29 December 2025, the Otto Group obtained control over Hermes Germany GmbH, Hamburg, by exercising a call option for 25% of the shares held by external shareholders. Until then, the company was included in the Otto Group's consolidated financial statements as a material associated company using the equity method. The Otto Group's share in Hermes Germany GmbH amounts to 100% following the acquisition. Hermes Germany GmbH is a logistics service provider and partner to numerous online stores and multichannel retailers in Germany and abroad. The focus of the Group company is on national parcel delivery. Moreover, the Group company also offers international parcel shipping services. Hermes Germany GmbH is allocated to the Services segment.

The aforementioned acquisition process can be reconciled as follows:

	Fair Values EUR million
Intangible assets	55
Property, plant and equipment	150
Right-of-use assets	211
Inventories	7
Trade receivables	98
Receivables and other assets	59
Cash and cash equivalents	1
Pension provisions	105
Bank liabilities	14
Lease liabilities	213
Trade payables	166
Other provisions and liabilities	75
Deferred tax liabilities	1
Net assets excluding goodwill	**7**
Goodwill	173
Consideration	**180**

Trade receivables consist of gross amounts of contractual receivables totaling EUR 100 million, of which an amount of EUR 2 million was assessed as likely irrecoverable at the time of acquisition. The derivative goodwill essentially results from the strategic importance of the logistics business for the Otto Group and the increased independence from competition due to direct access to customers. As expected, derivative goodwill is not deductible for tax purposes. The consideration transferred includes a cash payment of EUR 118 million agreed in connection with the exercising of the call option. The exercising of the call option resulted in a forward transaction, whose fair value of EUR –118 million was recognized as part of the consideration transferred. In addition, existing legal relationships were taken into account as "pre-existing relationships." This mainly involves a loan receivable of Hermes Europe GmbH, Hamburg, from Hermes Germany GmbH in the amount of EUR 183 million that existed at the time of acquisition, which was eliminated as part of the debt consolidation and recognized as part of the consideration transferred. The fair value of the shares already held amounted to EUR 0 million at the time of acquisition. The revaluation of the shares already held had no effect on earnings. The loan receivable from Hermes Germany GmbH classified as part of the net investment was reduced to zero as part of the equity method due to the continued recognition of losses. In addition, deferred income item was recognized in other liabilities in the previous year for the losses that exceeded the loan receivables due to a legal obligation. Immediately before control was obtained, the loan receivable and the deferred income item in the result from associated companies and joint ventures were written up or reversed through profit or loss. The overall effect amounted to EUR 221 million. The exercising of the call option from the contractually agreed call/put option structure led to the creation of a forward and the termination of the associated put option. Both effects were recognized through profit or loss under other net financial income. Overall, this resulted in net income of EUR 2 million. For practical reasons, Hermes Germany GmbH has been fully consolidated since 1 January 2026. Since then, it has contributed EUR –39 million to the Otto Group's EBT for the 2025/26 financial year with revenue of EUR 189 million. For the period prior to full consolidation, please refer to Note 17. As part of the purchase price allocation, property, plant and equipment, right-of-use assets, customer relationships, software and other intangible assets were recognized in the total amount of EUR 69 million with remaining useful lives of around one to twelve years. The multi-period excess earnings method, the relief-from-royalty method and the replacement cost method were what was principally used to determine the fair values.

More companies were consolidated for the first time in the 2025/26 financial year. In their entirety, they are of minor significance for the Otto Group's financial position and financial performance.

b Deconsolidations

In the 2025/26 financial year, in addition to ABOUT YOU Holding AG (formerly ABOUT YOU Holding SE), Hamburg, which was already classified as held for sale on the previous year's balance sheet date (see Note 5c), only Group companies that are of minor significance to the Otto Group's financial position and financial performance in their entirety were deconsolidated.

c Disposal groups

On 11 December 2024, the Otto Group signed an agreement to transfer all of the shares it holds in the Group company ABOUT YOU Holding AG (formerly ABOUT YOU Holding SE), Hamburg for a purchase price of EUR 452 million. As of the beginning of Q4 2024/25, the assets and liabilities of ABOUT YOU Holding AG were therefore presented as held for sale in accordance with IFRS 5. The completion of the takeover was subject to approval under merger control law. The Group company was assigned to the Platforms segment.

Sale of the Group company was finalized on 11 July 2025. The assets and liabilities derecognized in the consolidated balance sheet as part of the deconsolidation (before intercompany offsetting), including the fair value adjustments determined and carried forward at the time of acquisition in the 2021/22 financial year, were as follows at the time of disposal, which was based on the values on 30 June 2025 for the sake of simplicity:

	EUR million
Assets	
Intangible assets and property, plant and equipment	887
Right-of-use assets	95
Other non-current assets	16
Inventories	440
Current trade receivables	72
Other current assets	102
Cash and cash equivalents	118
Provisions and liabilities	
Non-current lease liabilities	63
Current trade payables	474
Current lease liabilities	29
Current other provisions and liabilities	174
Deferred tax liabilities	90

The Group company generated revenue of EUR 764 million in the 2025/26 financial year before deconsolidation, while EBT amounted to EUR –5 million. This was based on a period up to 11 July 2025.

The deconsolidation resulted in a gain of EUR 2 million, which is reported in the other net financial result.

Based on the relative enterprise value of ABOUT YOU Holding AG in relation to the fair value of the remaining business activities in the Platforms segment in the 2024/25 financial year, a portion of the derivative goodwill reported in the Platforms segment was reclassified to assets held for sale. As part of the valuation at fair value less costs to sell in accordance with IFRS 5, an impairment requirement of EUR 96 million arose in the 2024/25 financial year, which was allocated to the reclassified portion of the derivative goodwill.

The assets and liabilities held for sale on 28 February 2025, including the fair value adjustments determined and amortized on the acquisition date in the 2021/22 financial year, were composed as follows:

	28.02.2025
	EUR million
Intangible assets and property, plant and equipment	874
Right-of-use assets	95
Other non-current assets	8
Inventories	446
Current trade receivables	79
Other current assets	95
Cash and cash equivalents	155
Assets held for sale	**1,752**
Non-current lease liabilities	73
Current trade payables	422
Current lease liabilities	29
Current other provisions and liabilities	128
Deferred tax liabilities	89
Liabilities classified as held for sale	**741**

Notes to the Consolidated Income Statement

6 Revenue and income from customer financing

Revenue and income from customer financing are broken down as follows:

	Revenue from contracts with customers (IFRS 15)		Revenue from rental and leasing (IFRS 16)		Other revenue (IFRS 9)		Total revenue	
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Platforms	5,357	6,308	0	0	106	86	5,463	6,394
Brand Concepts	4,743	5,135	0	0	0	0	4,743	5,135
Retailers	1,514	1,592	0	0	0	0	1,514	1,592
Services	610	410	0	0	9	9	619	419
Financial Services	171	175	14	16	890	869	1,075	1,060
Reportable segments	**12,395**	**13,620**	**14**	**16**	**1,005**	**964**	**13,414**	**14,600**
Non-reportable segments and other activities	66	70	0	0	0	0	66	70
Group	**12,461**	**13,690**	**14**	**16**	**1,005**	**964**	**13,480**	**14,670**

	Total revenue		Income from customer financing		Total revenue and income from customer financing	
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Platforms	5,463	6,394	173	117	5,636	6,511
Brand Concepts	4,743	5,135	8	10	4,751	5,145
Retailers	1,514	1,592	90	91	1,604	1,683
Services	619	419	0	0	619	419
Financial Services	1,075	1,060	0	0	1,075	1,060
Reportable segments	**13,414**	**14,600**	**271**	**218**	**13,685**	**14,818**
Non-reportable segments and other activities	66	70	0	0	66	70
Group	**13,480**	**14,670**	**271**	**218**	**13,751**	**14,888**

Income from customer financing results from interest income from installment loan transactions and from income from factoring settlements.

Revenue from contracts with customers (IFRS 15) is broken down by sales market as follows:

	Germany		Rest of Europe		USA		Other regions		Revenue from contracts with customers (IFRS 15)	
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Platforms	4,861	5,136	470	1,140	25	31	1	1	5,357	6,308
Brand Concepts	1,519	1,599	805	918	2,287	2,483	132	135	4,743	5,135
Retailers	991	1,069	523	523	0	0	0	0	1,514	1,592
Services	542	356	62	48	5	5	1	1	610	410
Financial Services	50	64	121	111	0	0	0	0	171	175
Reportable segments	**7,963**	**8,224**	**1,981**	**2,740**	**2,317**	**2,519**	**134**	**137**	**12,395**	**13,620**
Non-reportable segments and other activities	20	33	44	34	0	0	2	3	66	70
Group	**7,983**	**8,257**	**2,025**	**2,774**	**2,317**	**2,519**	**136**	**140**	**12,461**	**13,690**

Revenue from contracts with customers (IFRS 15) is broken down by revenue source as follows:

	Revenue from the sale of goods and related shipping and service offerings		Revenue from agency and advertising services		Revenue from transport and warehousing services		Revenue from other services		Revenue from contracts with customers (IFRS 15)	
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Platforms	4,669	5,697	632	529	0	0	56	82	5,357	6,308
Brand Concepts	4,726	5,119	15	15	0	0	2	1	4,743	5,135
Retailers	1,484	1,562	23	24	0	0	7	6	1,514	1,592
Services	3	4	0	0	571	367	36	39	610	410
Financial Services	0	0	7	7	0	0	164	168	171	175
Reportable segments	**10,882**	**12,382**	**677**	**575**	**571**	**367**	**265**	**296**	**12,395**	**13,620**
Non-reportable segments and other activities	0	11	0	0	0	0	66	59	66	70
Group	**10,882**	**12,393**	**677**	**575**	**571**	**367**	**331**	**355**	**12,461**	**13,690**

Revenue with goods-related shipping and service offerings involves ancillary income that relates directly to the sale of goods. This amounted to EUR 495 million in the 2025/26 financial year (2024/25: EUR 528 million). Revenue from agency and advertising services mainly comprises commission income from platform activities and revenue from committed advertising subsidies. The revenue from other services in the Financial Services segment includes EUR 133 million (2024/25: EUR 142 million) in income from receivables management.

7 Other operating income

Other operating income is made up as follows:

	2025/26 EUR million	2024/25 EUR million
Income from ancillary business	60	63
Income from reversal of provisions and liabilities	60	33
Income from amortized receivables	42	37
Income from debt collection services	31	32
Income from reversal of allowances on receivables	30	33
Income from legal disputes and indemnification payments	48	19
Income from costs recharged to related parties and third parties	16	20
Income from charges to suppliers	13	14
Income from disposal of assets	2	7
Income from the reversal of impairment losses on assets	2	156
Miscellaneous	78	69
Other operating income	**382**	**483**

The purchase price offered for the acquisition of the shares in ABOUT YOU Holding AG, Hamburg, in the 2024/25 financial year led to a reversal of impairment losses in the amount of EUR 156 million on the intangible assets in the amount of EUR 175 million, which were written off in the 2023/24 financial year.

8 Purchased goods and services

Purchased goods and services breaks down as follows:

	2025/26 EUR million	2024/25 EUR million
Costs of merchandise	5,984	6,843
Costs of services received	871	736
Packing and shipping materials	18	19
Purchased goods and services	**6,873**	**7,598**

9 Personnel expenses

Personnel expenses are composed as follows:

	2025/26 EUR million	2024/25 EUR million
Wages and salaries	2,004	2,117
Social security contributions	369	364
Retirement benefit costs	34	36
Personnel expenses	**2,407**	**2,517**

Expenses for wages and salaries include expenses for restructuring in the amount of EUR 102 million (2024/25: EUR 95 million). Of this amount, EUR 75 million (2024/25: EUR 54 million) result from personnel-related obligations (see Note 25) as part of internal Group reorganizations.

In the 2025/26 financial year, the average number of employees in the Otto Group was 39,842 (2024/25: 41,689 employees). Converted to full-time positions, this corresponds to an average of 34,831 employees (2024/25: 36,304 employees). This includes 14,325 part-time positions (2024/25: 15,129 part-time positions) that were converted to 9,314 full-time positions (2024/25: 9,744 full-time positions). The distribution of employees by segment is shown in the report on the segments (Note 35).

10 Other operating expenses

Other operating expenses are composed as follows:

	2025/26 EUR million	2024/25 EUR million
Advertising	1,440	1,565
Shipping and logistics	947	1,208
Expenses for maintenance, servicing and repair	357	352
Consulting expenses for legal and IT matters as well as general consulting	304	302
Derecognitions and changes in allowances on receivables	172	138
Contract staff	121	142
Commissions and fees	84	74
Office and communication expenses	64	80
Insurance and collection	48	50
Leasing expenses	32	44
Other taxes	16	31
Other	336	334
Other operating expenses	**3,921**	**4,320**

11 Impairment losses

The impairment losses on goodwill in the amount of EUR 56 million recognized in the 2025/26 financial year are attributable to the non-reportable segment Digital Health and result from an adjustment to the segment's planning.

The impairment losses on other intangible assets, property, plant and equipment, and right-of-use assets in the 2025/26 financial year in the amount of EUR 55 million are mainly attributable to acquired software, technical plant and machinery, land, land rights and buildings and in particular involve various warehousing locations of the Hermes Fulfilment Group in the Services segment. The impairment losses mainly result from the fact that the future recoverable amount of the assets concerned no longer covers the current carrying amounts.

Impairment losses on goodwill recognized in the 2024/25 financial year resulted from the valuation of the assets classified as a disposal group in accordance with IFRS 5 in connection with the sale of shares in ABOUT YOU Holding AG, Hamburg. In this context, part of the goodwill allocated to the Platforms segment was reclassified to assets held for sale on the basis of relative fair values. The subsequent valuation resulted in an impairment requirement of EUR 96 million on this reclassified portion. In addition, impairment losses were recognized on other intangible assets, property, plant and equipment and right-of-use assets. They essentially related to land, land rights and buildings, acquired software, and technical plant and machinery and were mainly attributable to two German Group companies in the Services segment and one UK Group company in the Retailers segment. The impairment requirement resulted in particular from site closures and the discontinuation of an IT transformation project.

Please refer to Note 14 for further information on the impairment tests for goodwill.

12 Net financial result

The net financial result is made up as follows:

	2025/26	2024/25
	EUR million	EUR million
Interest income from bank deposits	26	18
Income from interest rate derivatives	12	12
Interest income from loans and securities	14	8
Other interest income	7	3
Interest and similar income	**59**	**41**
Interest expenses for bank liabilities and bonds and other notes payable	–76	–90
Interest expenses from lease liabilities	–44	–45
Net interest expenses on defined benefit plans	–39	–37
Expenses from interest rate derivatives	–1	–1
Other interest expenses	–15	–17
Interest and similar expenses	**–175**	**–190**
Net interest income (expense)	**–116**	**–149**
Income from financial investments and securities and from the disposal of shares in consolidated and associated companies and joint ventures	53	391
Foreign currency gains and losses	–21	–16
Expenses from financial investments and securities and from the disposal of shares in consolidated and associated companies and joint ventures	–10	–61
Bank charges	–87	–107
Miscellaneous financial income (expense)	–3	–23
Other net financial income (expense)	**–68**	**184**
Net financial result	**–184**	**35**

Income or expenses from financial investments and securities and from the disposal of shares in consolidated companies, associated companies and joint ventures result in a net amount of EUR –4 million (2024/25: EUR 3 million) from the deconsolidation of Group companies and EUR 2 million (2024/25: EUR –38 million) from the valuation of a put option held by external shareholders on the shares in an associated company.

Income from financial assets and securities and from the sale of shares in fully consolidated associated companies and joint ventures in the 2024/25 financial year also includes income of EUR 354 million from the sale of shares in Evri Limited, Leeds, UK (see Note 17).

13 Income tax

The current income tax paid or owed in the various countries and also deferred tax are recognized as income tax. Income tax consists of trade tax, corporate income tax, solidarity surcharge in Germany and the corresponding foreign income taxes, including any minimum taxes.

Income tax expense is classified by origin as follows:

	2025/26 EUR million	2024/25 EUR million
Current income tax, Germany	22	45
Current income tax, other countries	110	135
Current income tax	**132**	**180**
Deferred tax, Germany	–6	–28
Deferred tax, other countries	19	–6
Deferred tax	**13**	**–34**
thereof deferred tax on temporary differences	37	10
thereof deferred tax on loss carry-forwards	–24	–44
Income tax	**145**	**146**

Income tax includes tax expenses for previous years in the amount of EUR 11 million (2024/25: tax income of EUR 4 million). This is due to income from current taxes for previous years amounting to EUR 1 million (2024/25: EUR 5 million) and expenses from deferred taxes for previous years amounting to EUR 12 million (2024/25: EUR 1 million).

In the 2025/26 financial year, existing tax loss carry-forwards were utilized in the amount of EUR 21 million (2024/25: EUR 75 million). Interest carry-forwards in the amount of EUR 0 million were utilized (2024/25: EUR 1 million). In the reporting year, current tax expenses were reduced by EUR 4 million due to previously unrecognized tax losses and tax credits or as a result of a previously unrecognized temporary difference from an earlier period (2024/25: EUR 13 million).

The notional income tax expense that would have resulted from applying the tax rate of the Group’s parent company Otto GmbH & Co. KGaA of 30% to the IFRS consolidated earnings before tax (EBT) can be reconciled with the income taxes reported in the consolidated income statement as follows:

	2025/26 EUR million	2024/25 EUR million
Earnings before tax (EBT)	457	311
Tax rate for Otto GmbH & Co. KGaA	30%	30%
Pro forma income tax expenses (+) / tax income (-)	**137**	**93**
Corrections in deferred tax	50	89
Non-deductible expenses	46	38
Income taxes for prior years	11	–4
Foreign withholding tax	2	3
Effects of consolidation adjustments recognized in income	1	–60
Change in applicable tax rate	0	11
Additions and deductions for trade tax	–6	9
Non-taxable income	–18	–102
Permanent differences	–35	47
Differences in tax rates	–49	26
Other	6	–4
Total differences	**8**	**53**
Income tax	**145**	**146**

Group companies domiciled in Germany in the legal form of a corporation are subject to a corporate income tax of 15% and a solidarity surcharge of 5.5% on the corporate income tax owed, just as with Otto GmbH & Co. KGaA. In addition, these Group companies and Group companies in the legal form of a partnership are subject to trade tax, the amount of which is determined on the basis of municipality-specific assessment rates.

Loss carry-forwards for corporation and trade tax purposes can be utilized without restriction by domestic companies having a positive tax base of up to EUR 1 million. In view of the Act to Strengthen Growth Opportunities, Investment and Innovation as well as Tax Simplification and Tax Fairness, which provides for a temporary increase in the recognition of losses, any additional positive tax bases are only reduced by up to a maximum of 60% by using an existing loss carry-forward for reasons of simplification. In Germany, companies are no longer entitled to deduct interest expenses for taxation purposes if the interest expense exceeds EUR 3 million, if the net interest expense exceeds 30% of taxable earnings before interest, depreciation and amortization and if certain exceptions do not apply. There is no limit to the non-deductible interest expense that may be carried forward as an interest carry-forward and offset in future periods against positive tax interest earnings.

The corporate income tax and solidarity surcharge, along with the effects of differences between foreign income tax rates and the tax rate paid by the Group's parent company Otto GmbH & Co. KGaA are reported in the reconciliation table under the item "Differences in tax rates."

The impact of unrecognized deferred tax or their corrections mainly relate to deferred tax in the amount of EUR 50 million on the loss carry-forwards of domestic and foreign Group companies. In the reporting year, the deferred tax expense was reduced by EUR 1 million due to previously unrecognized tax losses and tax credits or as a result of a previously unrecognized temporary difference from an earlier period (2024/25: EUR 1 million).

The following deferred tax assets and liabilities result from temporary differences and tax loss carry-forwards:

	28.02.2026		28.02.2025	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
	EUR million	EUR million	EUR million	EUR million
Intangible assets	3	93	4	306
Property, plant and equipment and right-of-use assets	29	74	40	63
Inventories	14	9	17	9
Receivables and other assets	27	57	19	68
Securities and financial investments	3	14	2	20
Provisions	130	8	172	3
Liabilities	106	10	100	9
IFRS 5 reclassifications	0	0	–2	–229
Temporary differences	**312**	**265**	**352**	**249**
Loss carry-forwards	70	0	180	0
IFRS 5 reclassifications	0	0	–138	0
Loss carry-forwards	**70**	**0**	**42**	**0**
Offset	–184	–184	–306	–306
IFRS 5 reclassifications	0	0	140	140
Total	**198**	**81**	**228**	**83**

Other comprehensive income includes tax income from the change in temporary differences in financial assets at fair value through other comprehensive income category (FVOCI) in the amount of EUR 10 million (2024/25: EUR 0 million), tax income from the change in temporary differences for cash flow hedge derivatives in the amount of EUR 18 million (2024/25: tax expenses of EUR 7 million) and tax expenses from the change in the temporary differences for provisions for pensions in the amount of EUR 38 million (2024/25: EUR 5 million).

Deferred tax assets are recognized for tax loss carry-forwards only if it appears sufficiently likely that they can be realized in the near future. In the 2025/26 financial year, no deferred tax assets were utilized for tax loss carry-forwards in the amount of EUR 3,710 million (2024/25: EUR 2,569 million). Of these tax loss carry-forwards, EUR 2,465 million (2024/25: EUR 1,884 million) are for corporate tax loss carry-forwards of German and foreign Group companies as well as EUR 1.048 million (2024/25: EUR 497 million) for trade tax loss carry-forwards of German Group companies. Of these tax loss carry-forwards, EUR 3,708 million (2024/25: EUR 2,567 million) can be carried forward indefinitely; EUR 2,463 million (2024/25: EUR 1,882 million) are for corporate tax loss carry-forwards and EUR 1.048 million (2024/25: EUR 497 million) for trade tax loss carry-forwards. Tax loss carry-forwards in the amount of EUR 1 million (2024/25: EUR 1 million) can be carried over for a period limited to a useful life of up to five years. EUR 929 million of the increase in expected unusable loss carry-forwards compared to the previous year is attributable to the full consolidation of Hermes Germany GmbH, Hamburg, and its subsidiary LieferFactory GmbH, Berlin. EUR 475 million of this relates to the corporate income tax and EUR 454 million to the trade tax and can be carried forward indefinitely.

The recognition of deferred tax assets for the group of companies consolidated for tax purposes under Otto GmbH & Co. KGaA amounts to EUR 146 million (2024/25: EUR 151 million) and is based on specific forecasting for the tax group. The surplus of deferred tax assets has been recognized in full as of the balance sheet date, as it is assumed that it will be fully usable in subsequent years.

The origination and reversal of temporary differences for the current financial year resulted in deferred tax income in the amount of EUR 74 million (2024/25: EUR 54 million).

In the reporting year, an interest carry-forward within the meaning of Section 4h EStG (Income Tax Act) for an amount of EUR 12 million (2024/25: EUR 5 million), which can be carried forward for an unlimited period of time, arose in Germany for which no deferred tax assets were recognized.

For retained profits not intended for dividend payments for foreign Group companies, a deferred tax liability in the amount of EUR 6 million (2024/25: EUR 7 million) was recognized. From today's point of view, retained profits at Group companies are to remain predominantly invested. As a rule, future dividend payments would result in an additional tax expense. Determining the temporary differences subject to tax would involve a disproportionate effort.

The current income taxes are calculated on the basis of the respective national taxable earnings and regulations for the relevant year. In addition, the actual taxes reported in the financial year also include adjustment amounts for any tax payments or refunds for years that have not yet been definitively assessed. However, they do not include interest payments or interest refunds and penalties for tax payments. In the event that amounts reported in tax returns are unlikely to be realized (uncertain tax positions), tax liabilities will be recognized. The amount is calculated based on the best possible estimate of the expected tax payment (expected or most likely value of tax uncertainty). Tax receivables from uncertain tax positions are therefore accounted for when it is very likely and therefore sufficiently certain that they can be realized.

Within the Group, a number of financial years are awaiting definitive tax assessments. The Otto Group has made sufficient provisions for these open tax years. However, the possibility of a demand for tax payments that exceeds the provisions made in the consolidated financial statements cannot be ruled out. On the basis of future case law or changes in opinion by the tax authorities, the possibility of tax refunds for previous years cannot be ruled out either.

The Otto Group falls within the scope of global minimum taxation in accordance with OECD Pillar Two model rules. In Germany, the regulations to ensure global minimum taxation for corporate groups (Minimum Tax Act) have been enacted in national law. This has also been enacted in national law or is planned for the future in many other countries in which the Otto Group operates.

In the 2025/26 financial year, the Otto Group's business activities in Hong Kong, Bulgaria, North Macedonia and Brazil are subject to minimum taxation, as the individual effective tax rate in each of these countries is below 15%. In the 2025/26 financial year, the Otto Group recognizes a total current tax expense of EUR 2 million, which is mainly attributable to the payment of supplementary taxes in relation to the local business activities in Hong Kong and Bulgaria. In the previous year, there was a total current tax expense of EUR 2 million, which was mainly attributable to the compensation obligation of Otto GmbH & Co. KGaA with regard to the primary supplementary taxes payable by Michael Otto Stiftung for Hong Kong. Due to the tax legislation enacted in Hong Kong in the 2025/26 financial year to introduce a national supplementary tax, the Group companies in Hong Kong are now obliged to pay the supplementary tax instead of Michael Otto Stiftung.

Notes to the Consolidated Balance Sheet

14 Intangible assets

Intangible assets developed as follows:

	Internally-generated intangible assets	Purchased intangible assets	Goodwill	Advance payments and intangible assets under development	Total
	EUR million	EUR million	EUR million	EUR million	EUR million
As of 1 March 2025	606	551	1,341	76	2,574
Changes in the scope of consolidation	30	14	160	11	215
Additions	13	13	0	68	94
Disposals	–17	–49	0	0	–66
Reclassifications	47	25	0	–72	0
Foreign currency translation	–24	–3	–15	–2	–44
Historical cost as of 28 February 2026	**655**	**551**	**1,486**	**81**	**2,773**
As of 1 March 2025	–503	–452	–113	0	–1,068
Changes in the scope of consolidation	0	0	13	0	13
Disposals	16	50	0	0	66
Depreciation and amortization	–53	–22	0	0	–75
Impairment losses	–2	–22	–56	0	–80
Foreign currency translation	21	3	2	0	26
Accumulated depreciation, amortization and impairments as of 28 February 2026	**–521**	**–443**	**–154**	**0**	**–1,118**
Carrying amount as of 28 February 2026	**134**	**108**	**1,332**	**81**	**1,655**

	Internally-generated intangible assets	Purchased intangible assets	Goodwill	Advance payments and intangible assets under development	Total
	EUR million	EUR million	EUR million	EUR million	EUR million
As of 1 March 2024	641	1,547	1,600	113	3,901
Additions	16	17	0	81	114
Disposals	–3	–40	–16	–1	–60
Reclassifications	50	8	0	–58	0
IFRS 5 reclassifications	–109	–984	–250	–60	–1,403
Foreign currency translation	11	3	7	1	22
Historical cost as of 28 February 2025	**606**	**551**	**1,341**	**76**	**2,574**
As of 1 March 2024	–517	–902	–128	0	–1,547
Disposals	3	39	16	0	58
Depreciation and amortization	–67	–89	0	0	–156
Impairment losses	–1	–16	0	0	–17
IFRS 5 reclassifications	86	362	0	0	448
Foreign currency translation	–7	–2	–1	0	–10
Accumulated depreciation, amortization and impairments as of 28 February 2025	**–503**	**–452**	**–113**	**0**	**–1,068**
Carrying amount as of 28 February 2025	**103**	**99**	**1,228**	**76**	**1,506**

Advance payments and intangible assets under development consist of EUR 50 million (28 February 2025: EUR 51 million) for advance payments and EUR 31 million (28 February 2025: EUR 25 million) for internally-generated intangible assets that are still in development.

The goodwill recognized in intangible assets is allocated to the cash-generating units or groups of cash-generating units as follows:

	28.02.2026 EUR million	28.02.2025 EUR million
Platforms	757	757
Brand Concepts	144	169
Retailers	11	11
Services	244	70
Various cash-generating units in the EOS Group	103	103
Digital Health	73	118
Goodwill recognized under intangible assets	**1,332**	**1,228**

In the 2025/26 financial year, there were impairment losses on goodwill in the amount of EUR 56 million (2024/25: EUR 96 million). They relate to the non-reportable Digital Health segment as a cash-generating unit and result from the adjustment to the segment's planning.

The impairment losses recognized in the 2024/25 financial year resulted from the sale of the shares in ABOUT YOU Holding AG, Hamburg. In the course of classification as a disposal group in accordance with IFRS 5, part of the goodwill reported in the Platforms segment was reclassified to assets held for sale. The subsequent valuation in accordance with IFRS 5 led to an impairment requirement on the reclassified portion of the goodwill on the basis of fair value.

The estimated recoverable amount of the Services segment as a group of cash-generating units is EUR 138 million higher than the carrying amount of the group of cash-generating units. Possible changes in three key assumptions could result in the carrying amount of the Services segment as a group of cash-generating units exceeding the recoverable amount. These key assumptions are the free cash flow margin (after tax) in terminal value where free cash flows (after tax) are set in relation to revenue, the capitalization rate used to discount future cash flows and the growth factor after the end of the forecast horizon. The recoverable amount would correspond to the carrying amount of the group of Services cash-generating unit if the free cash flow margin (after tax) of 3.2% in terminal value were to be reduced by 0.32 percentage points, the capitalization rate used to discount future cash flows were to be increased by 0.48 percentage points, or the growth factor after the end of the forecast horizon were to be reduced by 0.7 percentage points.

For the non-reportable Digital Health segment as a cash-generating unit, changes in the key assumptions would each lead to an additional impairment requirement. A reduction in the free cash flow margin (after tax) in the amount of 14.9% in terminal value by 1.0 percentage point would lead to an additional impairment requirement of EUR 6 million. Increasing the capitalization rate by 0.5 percentage points would trigger an additional impairment requirement of EUR 5 million. A reduction in the growth factor by 0.5 percentage points after the end of the forecast period would lead to an additional impairment requirement of EUR 4 million.

Corresponding sensitivity analyses for the other cash-generating units or groups of cash-generating units reveal that there would be no impairment of goodwill in the event of any adjustments to the key assumptions. The sensitivity analyses each take into account a change in one key assumption, with the other assumptions remaining unchanged.

The following table shows the parameters of the impairment tests:

	Projection horizon in years		Terminal value growth rate in %		Capitalization rate in %	
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
Platforms	4	5	1.00	1.00	8.22	9.03
Brand Concepts	3	3	1.00	1.00	9.17	9.96
Retailers	5	5	1.00	1.00	8.72	9.31
Services	5	5	1.00	1.00	7.55	7.68
Various cash-generating units in the EOS Group	3	3	0.50-1.00	0.50-1.00	4.55-7.67	9.11-12.35
Digital Health	3	5	1.00	1.50	10.34	11.02

For the Services cash-generating unit, the five-year planning calculation was extended by two additional periods in the 2025/26 financial year. In the additional periods, the necessary adjustment years for the transfer to terminal value were technically modeled.

15 Property, plant and equipment

Property, plant and equipment developed as follows:

	Land, land rights and buildings	Technical plant and machinery	Other plants, operating and office equipment	Advance payments and assets under construction	Total
	EUR million	EUR million	EUR million	EUR million	EUR million
As of 1 March 2025	1,778	616	717	159	3,270
Changes in the scope of consolidation	1	130	16	3	150
Additions	13	20	38	46	117
Disposals	–64	–12	–47	–1	–124
Reclassifications	24	145	17	–171	15
Foreign currency translation	–67	–2	–32	–5	–106
Historical cost as of 28 February 2026	**1,685**	**897**	**709**	**31**	**3,322**
As of 1 March 2025	–910	–305	–465	0	–1,680
Disposals	38	12	42	0	92
Depreciation and amortization	–51	–37	–48	0	–136
Impairment losses	–9	–15	–2	0	–26
Reclassifications	0	–6	0	0	–6
Reversals of impairment losses	2	0	0	0	2
Foreign currency translation	55	0	21	0	76
Accumulated depreciation, amortization and impairments as of 28 February 2026	**–875**	**–351**	**–452**	**0**	**–1,678**
Carrying amount as of 28 February 2026	**810**	**546**	**257**	**31**	**1,644**

	Land, land rights and buildings	Technical plant and machinery	Other plants, operating and office equipment	Advance payments and assets under construction	Total
	EUR million	EUR million	EUR million	EUR million	EUR million
As of 1 March 2024	1,494	531	688	513	3,226
Additions	20	28	69	23	140
Disposals	–20	–60	–46	–2	–128
Reclassifications	261	113	8	–382	0
IFRS 5 reclassifications	0	0	–13	0	–13
Foreign currency translation	23	4	11	7	45
Historical cost as of 28 February 2025	**1,778**	**616**	**717**	**159**	**3,270**
As of 1 March 2024	–849	–321	–457	0	–1,627
Disposals	14	57	43	0	114
Depreciation and amortization	–54	–30	–51	0	–135
Impairment losses	–3	–10	–2	0	–15
IFRS 5 reclassifications	0	0	8	0	8
Foreign currency translation	–18	–1	–6	0	–25
Accumulated depreciation, amortization and impairments as of 28 February 2025	**–910**	**–305**	**–465**	**0**	**–1,680**
Carrying amount as of 28 February 2025	**868**	**311**	**252**	**159**	**1,590**

Advance payments and assets under construction consist of EUR 21 million (28 February 2025: EUR 158 million) for assets under construction and EUR 10 million (28 February 2025: EUR 1 million) for advance payments for property, plant and equipment.

Contractual obligations for the acquisition of property, plant and equipment (purchase commitments) amount to EUR 2 million (28 February 2025: EUR 9 million).

16 Right-of-use assets

Right-of-use assets developed as follows:

	Land, land rights and buildings	Technical plant and machinery	Other plants, operating and office equipment	Total
	EUR million	EUR million	EUR million	EUR million
As of 1 March 2025	1,588	25	22	1,635
Changes in the scope of consolidation	192	8	10	210
Additions	167	0	0	167
Disposals	–69	–2	–11	–82
Reclassifications	0	–15	0	–15
Foreign currency translation	–109	–1	0	–110
Historical cost as of 28 February 2026	**1,769**	**15**	**21**	**1,805**
As of 1 March 2025	–807	–12	–13	–832
Disposals	36	1	11	48
Depreciation and amortization	–160	–3	–5	–168
Impairment losses	–4	0	0	–4
Reclassifications	0	6	0	6
Foreign currency translation	56	1	0	57
Accumulated depreciation, amortization and impairments as of 28 February 2026	**–879**	**–7**	**–7**	**–893**
Carrying amount as of 28 February 2026	**890**	**8**	**14**	**912**

	Land, land rights and buildings	Technical plant and machinery	Other plants, operating and office equipment	Total
	EUR million	EUR million	EUR million	EUR million
As of 1 March 2024	1,628	35	32	1,695
Additions	224	1	7	232
Disposals	–134	–11	–17	–162
IFRS 5 reclassifications	–165	0	0	–165
Foreign currency translation	35	0	0	35
Historical cost as of 28 February 2025	**1,588**	**25**	**22**	**1,635**
As of 1 March 2024	–750	–19	–18	–787
Disposals	99	11	10	120
Depreciation and amortization	–193	–4	–5	–202
Impairment losses	–21	0	0	–21
IFRS 5 reclassifications	75	0	0	75
Foreign currency translation	–17	0	0	–17
Accumulated depreciation, amortization and impairments as of 28 February 2025	**–807**	**–12**	**–13**	**–832**
Carrying amount as of 28 February 2025	**781**	**13**	**9**	**803**

17 Investments in associated companies and joint ventures and other financial investments

Since the 2005/06 financial year, the Otto Group has reported Hanseatic Bank GmbH & Co KG, Hamburg, as an associated company. It is included in the consolidated financial statements of the Otto Group based on a shareholding of 25.00% calculated using the equity method. Due to the disposal of significant associated companies in previous financial years, it is being reported separately as an associated company for the first time. Hanseatic Bank GmbH & Co KG is active in the banking sector.

	28.02.2026 EUR million	28.02.2025 EUR million
Non-current assets	152	138
Current assets	4,687	4,609
Non-current liabilities	4,321	4,230
Current liabilities	0	0
Net assets	**518**	**517**
Group's share of carrying amount	**130**	**129**

	2025/26 EUR million	2024/25 EUR million
Revenue	28	27
Profit for the year	59	68
Other comprehensive income for the year	0	0
Total comprehensive income for the year	**59**	**68**
Profit for the year recognized in income (loss) from equity investments attributable to the Otto Group	15	17

Starting with the 2013/14 financial year, the Otto Group has been reporting the following venture activities as associated companies: Project A Ventures GmbH & Co. KG, Berlin, e.Ventures US V, LP, Wilmington, USA, e.ventures europe V GmbH & Co. KG, Hamburg, eVenture Fonds 2 GmbH & Co. KG, Hamburg, and BV eVenture Fund II L.P., Wilmington, USA. These Group companies are included in the Otto Group's consolidated financial statements based on shareholdings of between 33.36% and 62.25% calculated using the equity method. Due to the disposal of significant associated companies in previous financial years, they are being reported separately as associated companies for the first time. The venture activities mentioned here invest in innovative companies with an emphasis on digital business models, artificial intelligence, data-driven solutions along the customer journey and technological infrastructure.

	28.02.2026 EUR million	28.02.2025 EUR million
Non-current assets	921	1,010
Current assets	4	5
Non-current liabilities	4	8
Current liabilities	4	1
Net assets	**917**	**1,006**
Group's share of carrying amount	**287**	**330**

	2025/26 EUR million	2024/25 EUR million
Revenue	0	0
Loss for the year	–92	–27
Other comprehensive income for the year	0	0
Total comprehensive income for the year	**–92**	**–27**
Loss for the year recognized in income (loss) from equity investments attributable to the Otto Group	–36	–10

The carrying amount of the share in the Group does not correspond to the share according to the ratio of participation but reflects the pro rata net asset value of the funds. The pro rata net asset value already recognizes a performance-related remuneration component of the fund management that is typical for venture capital funds. The remuneration component represents contractually agreed participation in the profits generated by the funds, which is determined on the basis of a fixed order of dividend payments. Accordingly, returns are always initially used to repay the capital paid in by the investors and, where provided for, to service a minimum interest rate. Only then does the fund management participate in the profits exceeding this amount. The same applies to the profit or loss recognized in income (loss) attributable to the Otto Group from equity investments, which does not correspond to the share of net profit or loss for the year according to the ratio of participation. The loss recognized in income (loss) from equity investments attributable to the Otto Group in the 2025/26 financial year is mainly due to the devaluation of a portfolio company.

Until the end of December 2025, Hermes Germany GmbH, Hamburg, and its subsidiaries were included in the consolidated financial statements of Otto GmbH & Co. KGaA as a material associated company with a shareholding of 75.00%. At the end of December 2025, a subsidiary of Otto GmbH & Co. KGaA obtained control over the company, which is now fully consolidated with a shareholding of 100%. Please refer to Note 5a for information on the full consolidation.

On 28 February 2025, the associated company Hermes Germany GmbH and its subsidiaries reported the following balance sheet figures (based on 100%):

	28.02.2025
	EUR million
Non-current assets	295
Current assets	150
Non-current liabilities	308
Current liabilities	391
Net assets*	**–254**
Proportional equity (calculated)	–190
Difference allocated to individually identifiable assets and liabilities and resulting from transitional consolidation in FY 2020/21 after deferred tax (before depreciation)	39
Accumulated depreciation allocated to individually identifiable assets and liabilities resulting from transitional consolidation in FY 2020/21 after deferred tax	–16
Negative difference allocated to goodwill and resulting from transitional consolidation in the 2020/21 financial year	1
Recognition of pro rata losses in the loan as part of the net investment in accordance with IAS 28.38	–93
Recognition of pro rata losses as an additional obligation in accordance with IAS 28.39	–73
Group's share of carrying amount	**0**

* After adjustment of the interim profit from the sale of the Supply Chain Solutions business segment in the 2023/24 financial year

The total comprehensive income of the associated company Hermes Germany GmbH and its subsidiaries is as follows, with the figures for the 2025/26 financial year based on the period up to the the transitional consolidation:

	2025/26	2024/25
	EUR million	EUR million
Revenue with third parties	1,006	1,090
Revenue with companies of the Otto Group	443	522
Loss for the year	–69	–231
Other comprehensive income for the year	10	0
Total comprehensive income for the year	**–59**	**–231**
Profit/Loss for the year recognized in income (loss) from equity investments attributable to the Otto Group*	166	–177

* Including depreciation in the amount of EUR 3 million (2024/25: EUR 4 million) for the difference attributable to individually identifiable assets and liabilities from the transitional consolidation in the 2020/21 financial year

In the 2024/25 financial year, the carrying amount of the share in the Group was reduced to zero due to the continued recognition of losses. Further losses were recognized via the loan receivable from Hermes Germany GmbH classified as part of the net investment. In addition, a deferred income item was recognized in other liabilities for the losses that exceeded the loan receivables due to a legal obligation.

In addition to the recognition of pro rata losses incurred up to the end of December 2025, income reported in the income (loss) from equity investments from the revaluation of both the loan receivable impaired in the previous year and the loan receivable impaired in the 2025/26 financial year until full consolidation in the total amount of EUR 148 million and from the reversal of the previously recognized deferred income item in the amount of EUR 73 million was also recognized in the 2025/26 financial year at the time of the transitional consolidation.

On 23 August 2024, the shares in Evri Limited, Leeds, UK, and its subsidiaries were sold. Until the disposal of the shares, the companies were included in the consolidated financial statements based on a shareholding of 25.00% calculated using the equity method. Evri Limited and its subsidiaries were involved in parcel distribution business in the United Kingdom.

The key figures for the significant associated company Evri Limited and its subsidiaries in the previous year were as follows (based on 100%):

	2024/25
	EUR million
Revenue	1,016
Profit for the year	23
Other comprehensive income for the year	–7
Total comprehensive income for the year	**16**
Profit for the year recognized in income (loss) from equity investments attributable to the Otto Group	82

The net assets were negative at the time of the disposal of the shares. For dividends paid in previous years that exceeded the carrying amount of the share, a deferred income item was recognized in other liabilities for the excess amount. At the time of the disposal of the shares, the deferred income item was released to income and reported in the amount of EUR 82 million in the income (loss) from equity investments. The sale also resulted in a gain of EUR 354 million, which in the previous year was reported in the other net financial result.

The other companies, which are each insignificant for the Group and accounted for in the consolidated financial statements of the Otto Group using the equity method, are all joint ventures and have the following key figures (based on 100%):

	28.02.2026	28.02.2025
	EUR million	EUR million
Carrying amount of the investment	**25**	**26**

	2025/26	2024/25
	EUR million	EUR million
Profit for the year	10	5
Other comprehensive income for the year	0	0
Total comprehensive income for the year	**10**	**5**

The recoverability of the carrying amount of investments in associated companies and joint ventures that have been accounted for using the equity method will be reviewed if there is any indication of impairment. If the carrying amount of a shareholding exceeds its recoverable amount, an impairment amounting to the difference between the two amounts should be recorded.

Shares held in companies that are not consolidated or accounted for using the equity method and financial instruments included under other financial investments are measured as of the balance sheet date at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVPL) in accordance with IFRS 9.

	28.02.2026	28.02.2025
	EUR million	EUR million
Fair Value, FVOCI	199	195
Fair Value, FVPL	126	84
Other financial investments	**325**	**279**

For further information on other financial investments, please refer to Note 36a.

18 Inventories

Inventories mainly include merchandise in the amount of EUR 1,423 million (28 February 2025: EUR 1,438 million). Moreover, inventories include properties in the amount of EUR 276 million (28 February 2025: EUR 317 million), which are acquired and held for the purpose of development for resale or for sale in the ordinary course of business and are allocated to the Financial Services segment.

Allowances due to marketability discounts were recognized in the amount of EUR 234 million (28 February 2025: EUR 245 million). The allowance discount for gross inventories as a result of this was 11.91% (28 February 2025: 12.12%).

19 Trade receivables and receivables from financial services

These receivables are composed as follows:

	28.02.2026 EUR million	28.02.2025 EUR million
Trade receivables, gross	995	996
Allowances on trade receivables	–87	–97
Trade receivables	**908**	**899**
Receivables from financial services, gross	2,986	2,756
Allowances on receivables from financial services and fair value adjustments IFRS 9	–65	–92
Receivables from financial services (continuing involvement)	215	0
Receivables from financial services	**3,136**	**2,664**

Receivables from financial services include, in particular, receivables purchased from third parties in the amount of EUR 3,032 million (28 February 2025: EUR 2,571 million). This also includes receivables from bridge financing in the amount of EUR 84 million (28 February 2025: EUR 72 million).

The Otto Group accounts for receivables from financial services as part of its continuing involvement in a factoring program of OTTO Payments GmbH, Hamburg (see Note 36d).

In the Financial Services segment, the Otto Group invests in bridge loans in the area of performing loans. This involves the granting of short to medium-term loans secured by real estate for which valuation allowances of EUR 1 million (28 February 2025: EUR 0 million) had to be recognized to date.

The remaining terms of receivables are as follows:

	Remaining term of up to 1 year EUR million	Remaining term of 1 to 5 years EUR million	Remaining term of more than 5 years EUR million	Total EUR million
Trade receivables	788	120	0	908
Receivables from financial services	966	1,466	704	3,136
Remaining terms of receivables as of 28 February 2026	**1,754**	**1,586**	**704**	**4,044**
Trade receivables	767	132	0	899
Receivables from financial services	806	1,315	543	2,664
Remaining terms of receivables as of 28 February 2025	**1,573**	**1,447**	**543**	**3,563**

Allowances recognized on existing trade receivables developed as follows:

	2025/26 EUR million	2024/25 EUR million
As of 1 March	**97**	**114**
Foreign exchange rate changes	–2	1
IFRS 5 reclassifications	0	–1
Changes to the scope of consolidation	2	0
Utilisation	–73	–81
Reversals	–24	–32
Additions	87	96
Allowances on trade receivables as of 28 February	**87**	**97**

The allowances recognized for current receivables from financial services developed in detail as follows:

	2025/26 EUR million	2024/25 EUR million
As of 1 March	**92**	**93**
Foreign exchange rate changes	–1	4
Changes to the scope of consolidation	7	9
Utilisation	–52	–47
Reversals	–7	–1
Additions	65	38
Fair Value adjustments IFRS 9	–39	–4
Allowances on receivables from financial services as of 28 February	**65**	**92**

The default risk from trade receivables is primarily assessed on the basis of arrears information. The gross carrying amounts and allowances as well as the default risk rates are broken down into the relevant arrears bands as follows:

	Not overdue EUR million	Overdue up to 30 days EUR million	Overdue for more than 30 and up to 90 days EUR million	Overdue for more than 90 days EUR million	28.02.2026 EUR million
Receivables, gross	762	97	35	52	946
Allowances ECL	–19	–8	–6	–24	–57
Receivables not credit-impaired	**743**	**89**	**29**	**28**	**889**
Receivables, gross	0	0	0	49	49
Specific allowances	0	0	0	–30	–30
Receivables credit-impaired	**0**	**0**	**0**	**19**	**19**
Carrying amount receivables	**743**	**89**	**29**	**47**	**908**
Receivables, gross	762	97	35	101	995
Allowances ECL and specific allowances	–19	–8	–6	–54	–87
Default risk rate	**2.53%**	**7.49%**	**18.31%**	**53.41%**	**8.76%**

Allowances for ECL (expected credit losses) are general allowances on the basis of the anticipated probability of default. By contrast, specific allowances for single value adjustments are based on borrower performance disruptions that have actually occurred.

The gross carrying amounts and allowances as well as the default rates for the comparative period were broken down into the relevant arrears bands as follows:

	Not overdue	Overdue up to 30 days	Overdue for more than 30 and up to 90 days	Overdue for more than 90 days	28.02.2025
	EUR million	EUR million	EUR million	EUR million	EUR million
Receivables, gross	764	78	50	48	940
Allowances ECL	–24	–5	–7	–25	–61
Receivables not credit-impaired	**740**	**73**	**43**	**23**	**879**
Receivables, gross	0	0	0	56	56
Specific allowances	0	0	0	–36	–36
Receivables credit-impaired	**0**	**0**	**0**	**20**	**20**
Carrying amount receivables	**740**	**73**	**43**	**43**	**899**
Receivables, gross	764	78	50	104	996
Allowances ECL and specific allowances	–24	–5	–7	–61	–97
Default risk rate	**3.08%**	**6.66%**	**14.30%**	**58.80%**	**9.70%**

The gross carrying amounts and allowances as well as the default risk rates of receivables from financial services in the Platforms segment as of 28 February 2026 are broken down into the relevant arrears bands as follows:

	Not overdue	Overdue up to 30 days	Overdue for more than 30 and up to 90 days	Overdue for more than 90 days	28.02.2026
	EUR million	EUR million	EUR million	EUR million	EUR million
Receivables, gross	114	11	14	1	140
Allowances ECL	–1	0	–1	0	–3
Receivables not credit-impaired	**113**	**11**	**13**	**1**	**138**
Receivables, gross	0	0	0	0	0
Specific allowances	0	0	0	0	0
Receivables credit-impaired	**0**	**0**	**0**	**0**	**0**
Carrying amount receivables	**113**	**11**	**13**	**1**	**138**
Receivables, gross	114	11	14	1	140
Allowances ECL and specific allowances	–1	0	–1	0	–3
Default risk rate	**0.64%**	**3.26%**	**9.56%**	**22.57%**	**1.91%**

Within the Platforms segment, there are receivables from financial services consisting of payment services, of which the default risk is determined analogously to the default risk of trade receivables on the basis of past arrears information. Receivables from financial services in the Platforms segment relate to payment claims from genuine factoring of marketplace transactions by marketplace partners on the Otto GmbH & Co. KGaA e-commerce platform. These are not performance-impaired at the time of acquisition.

The default risk of receivables from financial services in the Platforms segment on the reporting date of the comparative period was as follows:

	Not overdue	Overdue up to 30 days	Overdue for more than 30 and up to 90 days	Overdue for more than 90 days	28.02.2025
	EUR million	EUR million	EUR million	EUR million	EUR million
Receivables, gross	199	17	15	2	233
Allowances ECL	–4	–1	–2	–1	–8
Receivables not credit-impaired	**195**	**16**	**13**	**1**	**225**
Receivables, gross	0	0	0	3	3
Specific allowances	0	0	0	–3	–3
Receivables credit-impaired	**0**	**0**	**0**	**0**	**0**
Carrying amount receivables	**195**	**16**	**13**	**1**	**225**
Receivables, gross	199	17	15	5	236
Allowances ECL and specific allowances	–4	–1	–2	–4	–11
Default risk rate	**1.93%**	**5.76%**	**13.41%**	**80.14%**	**4.58%**

20 Receivables from related parties

Receivables from related parties are composed as follows:

	28.02.2026	28.02.2025
	EUR million	EUR million
Receivables from associated companies and joint ventures	17	37
Receivables from other related parties	17	17
Receivables from related parties	**34**	**54**

Receivables from related parties result equally from financial receivables and from receivables from offsetting. In the previous year, they were mainly attributable to receivables from offsetting.

The detailed value allowances recognized on existing receivables from related parties changed as follows:

	2025/26 EUR million	2024/25 EUR million
As of 1 March	**1**	**0**
Disposals	–1	0
Additions	0	1
Allowances on receivables from related parties as of 28 February	**0**	**1**

Remaining terms as of balance sheet date are as follows:

	28.02.2026 EUR million	28.02.2025 EUR million
Remaining term of up to 1 year	21	38
Remaining term of 1 to 5 years	0	4
Remaining term of more than 5 years	13	12
Receivables from related parties	**34**	**54**

21 Other assets

Other assets consist of the following:

	28.02.2026 EUR million	28.02.2025 EUR million
Factoring retentions	267	59
Earn-out purchase price receivable	85	85
Financial receivables from co-investments, among other things	51	61
Amounts owed by suppliers	18	14
Positive fair values (interest rate and currency derivatives)	6	49
Receivables from employees	5	3
Deposits	2	2
Other	95	33
Other financial assets	**529**	**306**
Receivables from other taxes	203	254
Deferred income	96	92
Expected returns of merchandise	48	54
Advance payments made for properties intended for resale	41	28
Defined plan assets	22	45
Other	47	40
Miscellaneous other assets	**457**	**513**
Other assets	**986**	**819**

The factoring retentions result from agreements on the sale of trade receivables and receivables from financial services. They include retentions from expected returns in the amount of EUR 163 million (28 February 2025: EUR 59 million) and other contractually agreed security retentions in the amount of EUR 104 million (28 February 2025: EUR 0 million). The figures on 28 February 2026 include factoring retentions from a newly concluded factoring agreement by OTTO Payments GmbH, Hamburg.

The earn-out purchase price receivable involves a subsequent, contingent purchase price component for a Group company sold in the 2017/18 financial year.

The claim for surrender of goods from expected returns in the amount of EUR 48 million (28 February 2025: EUR 54 million) corresponds to the acquisition costs of the delivered merchandise expected to be returned, less the cost of processing the returns and any losses incurred during disposal.

The remaining terms of other financial assets are broken down as follows:

	Remaining term of up to 1 year	Remaining term of 1 to 5 years	Remaining term of more than 5 years	Total
	EUR million	EUR million	EUR million	EUR million
Balance as of 28 February 2026	467	53	9	**529**
Balance as of 28 February 2025	244	48	14	**306**

For other financial assets, allowances in the amount of EUR 3 million were set up (28 February 2025: EUR 17 million).

22 Equity

An essential objective of the Otto Group's capital management is to ensure the sustained availability of long-term capital. The main control measure used here is the debt to equity ratio (net financial debt relative to Group equity) and the Group equity ratio. Changes in the Otto Group's equity are presented in the statement of changes in equity.

a Subscribed capital

The share capital of Otto GmbH & Co. KGaA in the amount of EUR 1,180 million (28 February 2025: EUR 1,180 million) is divided into 1,179,795,918 no-par value shares (28 February 2025: 1,179,795,918 shares), which are issued in the name.

b Consolidated retained earnings

Consolidated retained earnings in equity mainly include the profit or loss generated by the Group in previous periods, to the extent that these amounts have not been distributed. Due to legal requirements, EUR 63 million (28 February 2025: EUR 53 million) of the consolidated retained earnings in Group equity had not been made available for distribution on 28 February 2026.

c Adjustment item for step acquisitions

The adjustment item contains differences arising from the step acquisition of shares in companies in which the Otto Group already had the power of control. Such acquisitions are to be treated as transactions at partner level.

	28.02.2026 EUR million	28.02.2025 EUR million
Consideration paid (-) or received (+)	–3	0
Increase (-)/decrease (+) in non-controlling interests	5	–10
Effects from step acquisitions	**2**	**–10**

d Non-controlling interests

On 28 February 2026, the non-controlling interests in equity primarily relate to external shareholders in FORUM Grundstücksgesellschaft m.b.H., Hamburg, based on a non-controlling interest of 100%, including its subsidiaries, and to external shareholders of various investment funds within the EOS Group that were established with co-investors. On 28 February 2026, around 95% of the shares within the EOS Group held by external shareholders are attributable to six investment funds, in which the share of external shareholders per investment fund is between 50% and 60%. The investment funds listed in the table below include the following:

- Creditable Opportunities Fund SCA SICAV-RAIF – Creditable Sub-Fund 1, Luxembourg, Luxembourg,
- Fonds Commun de Titrisation Fedinvest 2, Pantin, France,
- Creditable Opportunities SCA SICAV-RAIF Creditable Sub-Fund 4, Luxembourg, Luxembourg,
- Creditable Opportunities Fund II SCS-RAIF – Southrock II, Luxembourg, Luxembourg,
- Fonds Commun de Titrisation Fedinvest 3, Pantin, France, and
- Creditable Opportunities Fund II SCS-RAIF-DE SF I, Luxembourg, Luxembourg.

On 28 February 2025, further significant non-controlling interests in equity were attributable to the external shareholders of ABOUT YOU Holding AG, Hamburg, with a consolidation-relevant interest of 60.37%, including its subsidiaries. The sale of ABOUT YOU Holding AG was effective on 11 July 2025; accordingly, the revenue and earnings figures presented below for the 2025/26 financial year involve the period up to deconsolidation.

The summarized financial information for the Forum Group, the main investment funds of the EOS Group and the About You Group (based on 100%, before offsetting within the Group) is presented below. However, the values for the About You Group also include fair value adjustments (including deferred tax) calculated at the time of acquisition and the corresponding subsequent recognition. This resulted in a revaluation of EUR 156 million in the About You Group in the 2024/25 financial year on assets previously subject to impairment losses.

	Forum Group*		Significant investment funds in the EOS Group		About You Group	
	28.02.2026	28.02.2025	28.02.2026	28.02.2025	28.02.2026	28.02.2025
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Non-current assets	411	431	400	261	–	876
Current assets	7	2	340	185	–	779
Non-current liabilities	114	121	0	0	–	169
Current liabilities	52	57	21	2	–	734
Net assets	**252**	**255**	**719**	**444**	–	**752**
thereof, attributable to non-controlling interests	251	255	377	231	–	454
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Revenue**	0	0	72	65	764	2,002
Profit/loss for the year	32	18	67	71	–7	–9
thereof, attributable to non-controlling interests	32	18	35	35	–4	–5
Other comprehensive income for the year	0	–2	0	0	0	0
Total comprehensive income for the year	**32**	**16**	**67**	**71**	**–7**	**–9**
thereof, attributable to non-controlling interests	32	16	35	35	–4	–5
Net increase/decrease in cash and cash equivalents	**0**	**0**	**–2**	**1**	–	**–10**
Dividends paid to non-controlling interests***	35	28	23	10	0	0

* A wholly owned subsidiary of Otto GmbH & Co. KGaA holds 1% of the shares in a subsidiary of FORUM Grundstücksgesellschaft m.b.H.

** The stated revenue of the About You Group includes revenue with Group companies of the Otto Group. This revenue is eliminated in the consolidation of expenses and income.

*** The shareholders of the Forum Group are OTTO Grundstücksbeteiligungsgesellschaft m.b.H. and GSV Grundstücksbeteiligungsgesellschaft m.b.H., which were consolidated as pure holding companies in the consolidated financial statements of Otto GmbH & Co. KGaA with non-controlling interests of 100% each until 28 February 2025 due to the identity of persons on the Executive Board. The dividends shown for the previous year involve the dividends of the two holding companies paid to non-controlling interests.

Until the 2024/25 financial year, significant non-controlling interests in equity were also attributable to the external shareholders of ARGOSYN, Croix, France, with an interest of 46.32%, including its subsidiaries. Due to the dividend paid to non-controlling interests of EUR 199 million in the 2024/25 financial year, the interests decreased to just EUR 21 million on 28 February 2025.

e Publicly-listed equity and participation certificates

Until full repayment in April 2025, the publicly listed equity included the subordinated bond with an outstanding nominal volume of EUR 248 million placed on the Luxembourg Stock Exchange in July 2018.

EOS Holding GmbH, Hamburg, has issued participation certificates that must be classified as equity in accordance with IAS 32 due to their structure. On 28 February 2026, participation certificates with a nominal volume of EUR 30 million remain outstanding (28. February 2025: EUR 30 million).

Also included in this item on 28 February 2026, is the as-yet unpaid remuneration for the aforementioned equity components in the amount of EUR 0 million (28 February 2025: EUR 6 million).

23 Profit and loss participation rights

The Otto Group offers employees at selected Group companies in Germany a capital participation plan in the form of participation rights. Each employee at these companies has the option of buying a package with up to 20 profit and loss participation rights at a par value of EUR 250.00 each. Under the terms and conditions governing profit and loss participation rights in January 2022, these rights share in all Group profits and losses of the Otto Group based on the IFRS consolidated financial statements of Otto GmbH & Co. KGaA. However, in some cases the loss allocation is limited to 30% of the par value of the profit and loss participation rights. As a rule, these rights packages must be held for at least six years and are therefore recognized as non-current rights and accounted for on a pro rata basis over this period.

On 28 February 2026, 27,114 packages were subscribed with a value of EUR 20 million (28 February 2025: 29,227 packages with a value of EUR 22 million).

24 Provisions for pensions and similar obligations

Occupational pensions in the Group take the form of both defined contribution plans as well as defined benefit plans.

Defined contribution pension plans exist at a large number of Group companies in various countries. Expenses for defined contribution pension plans to external pension funds amount to EUR 7 million in the 2025/26 financial year (2024/25: EUR 7 million). There are no further obligations to pension beneficiaries.

The principal defined benefit pension plans are in place at the Otto Group companies domiciled in Germany and the United Kingdom, whereby the existing plan assets are mainly attributable to the Group companies in the UK. The plan assets serve only to fulfill the benefit obligations. The underpinning of these benefit obligations with cash and cash equivalents represents a reserve for future cash outflows. The plan assets are invested and managed by an independent trustee. The overriding investment policy and investment strategy are based on the aim of generating a yield from the plan assets which, together with the contributions, is sufficient to meet the benefit obligations. The pension payments are to a large extent legally secured against the consequences of an insolvency. For this purpose, annual contributions are made to the Pension Protection Fund.

For the pension plans in the UK, there is a surplus of plan assets over the present value of the defined benefit obligations. There is no economic benefit within the meaning of IAS 19 for part of this surplus, as it cannot be realized either through refunds or through a reduction in future contributions. Accordingly, the recognition of the asset was limited.

Irrespective of the recognition of pension obligations, there is slight underfunding of the pension plans with regard to their technical funding on 28 February 2026. In the previous year, the pension plans were fully funded. It is planned to offset this shortfall at the end of the 2025/26 financial year by regular allocations from the Otto Group. In the United Kingdom, the independent trustee is entitled to have a portion of the pension plans secured via funding. The probability of this right being exercised has been classified as very low, which is why the recognition of an additional liability is still waived on 28 February 2026.

Calculation of the provisions for pensions for the defined benefit plans is on the basis of actuarial assumptions, pursuant to IAS 19. Measurement is based on the following weighted assumptions:

	2025/26	2024/25
	in %	in %
Discount rate	4.3	3.9
Salary trend	1.5	1.4
Pension trend	2.0	2.1
Inflation	2.1	2.2
Fluctuation	8.0	8.0

The present value of pension obligations is broken down as follows:

	28.02.2026	28.02.2025
	EUR million	EUR million
Defined benefit obligation, unfunded plans	1,272	1,254
Defined benefit obligation, funded plans	401	431
Present value of pension obligations	**1,673**	**1,685**

The net defined benefit liability has developed as follows:

	Defined benefit obligations		Plan assets		Effects of the asset ceiling		Provisions for pensions	
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
As of 1 March	**1,685**	**1,660**	**552**	**546**	**0**	**0**	**1,133**	**1,114**
Current service cost	15	13	0	0	0	0	15	13
Past service cost	10	16	0	0	0	0	10	16
Effects of plan curtailments and settlements	0	0	0	0	0	0	0	0
Interest income (expense)	64	62	25	25	0	0	39	37
Changes recognized in profit or loss	**89**	**91**	**25**	**25**	**0**	**0**	**64**	**66**
Actuarial gains and losses								
-arising from demographic assumptions	1	–3	0	0	0	0	1	–3
-arising on financial assumptions	–116	–28	0	0	0	0	–116	–28
-arising on experience adjustments	3	18	0	0	0	0	3	18
Effects of the asset ceiling	0	0	0	0	25	0	25	0
Expense for / return on plan assets less interest income	0	0	0	–25	0	0	0	25
Foreign exchange rate changes	–22	17	–24	18	0	0	2	–1
Changes recognized in other comprehensive income	**–134**	**4**	**–24**	**–7**	**25**	**0**	**–85**	**11**
Payments to beneficiaries	–72	–71	–32	–33	0	0	–40	–38
Transfers	0	1	0	0	0	0	0	1
Contributions from employer	0	0	2	21	0	0	–2	–21
Changes to the scope of consolidation	105	0	0	0	0	0	105	0
Other changes	**33**	**–70**	**–30**	**–12**	**0**	**0**	**63**	**–58**
Balance as of 28 February	**1,673**	**1,685**	**523**	**552**	**25**	**0**	**1,175**	**1,133**
thereof, provisions for pensions							1,197	1,178
thereof, net defined benefit asset							–22	–45

Plan assets available to finance pension obligations are structured as follows:

	28.02.2026	28.02.2025
	EUR million	EUR million
Securities	243	377
Cash and cash equivalents	123	19
Property	7	7
Other	150	149
Plan assets	**523**	**552**

The costs of managing the plan assets diminish the income for the plan assets. The remaining administrative costs are not deducted from the income from plan assets.

During the 2026/27 financial year, the Group expects to pay contributions in the amount of EUR 7 million into the defined benefit plans and also anticipates that EUR 24 million will be paid out from these plans.

The weighted average term of the present value of the defined benefit obligation is 13.9 years (28 February 2025: 14.7 years).

The relative effect of singular parameter changes on the present value of the defined benefit obligation is shown below:

	2025/26	2024/25
	in %	in %
Discount rate +0,5%	–6.3	–6.7
Discount rate –0,5%	7.1	7.5
Pension trend +0,25%	1.5	1.4
Pension trend –0,25%	–1.3	–1.6
Life expectancy +1 year	1.7	1.4
Life expectancy –1 year	–2.0	–2.0

There is no material dependence of the plans on salary. Sensitivity was calculated taking into account approximately 99% of the total obligations. Each change in one of the material actuarial assumptions was analysed separately. Interdependencies were not taken into account.

25 Other provisions

Other provisions as of 28 February 2026 are composed as follows:

	01.03.2025	Exchange rate effects/ changes to the scope of consolidation	Utilization	Reversals	Additions	Compounding/ discounting	28.02.2026
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Restructuring obligations	50	14	–42	–8	80	0	94
Personnel expenses	49	6	–5	–1	6	–1	54
Operational provisions	36	9	–9	–8	9	0	37
Contractual provisions	15	6	–1	–1	15	0	34
Other	126	0	–49	–22	71	0	126
Other provisions	**276**	**35**	**–106**	**–40**	**181**	**–1**	**345**

They had the following composition on the reporting date of the comparative period:

	01.03.2024	Exchange rate effects/ changes to the scope of consolidation	Utilization	Reversals	Additions	Compounding/ discounting	IFRS 5 reclassification	28.02.2025
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Restructuring obligations	20	0	–13	–11	54	0	0	50
Personnel expenses	51	0	–5	–2	4	1	0	49
Operational provisions	24	0	–2	–1	14	1	0	36
Contractual provisions	5	0	–1	–1	14	0	–2	15
Other	64	0	–20	–4	86	0	0	126
Other provisions	**164**	**0**	**–41**	**–19**	**172**	**2**	**–2**	**276**

EUR 75 million (28 February 2025: EUR 54 million) of the addition to restructuring obligations consists of personnel-related obligations and EUR 5 million (28 February 2025: EUR 0 million) of non-personnel-related obligations as part of internal Group reorganizations. As in the previous year, the restructuring measures introduced largely affect Group companies in Germany.

The provisions for personnel expenses mainly comprise top-up amounts for partial retirement obligations as well as anniversary bonus entitlements.

Operational provisions mostly consist of provisions for asset removal or site restoration as well as provisions for claims relating to warranties and customer goodwill payments. Provisions for asset removal and site restoration, which apply especially to leasehold improvements, were recognized at the present value of the anticipated costs. These costs were correspondingly capitalized as a component of the purchase or production costs of the assets in property, plant, and equipment at the time the obligation was incurred. Provisions for warranties and customer goodwill payments are recognized for the probable total claim amounts, for warranties established by law or contract or undertaken voluntarily, and for customer warranty claims on delivered merchandise.

Obligations arising from ongoing or anticipated legal disputes are reported under contractual provisions, among others.

The other provisions refer to a large number of identifiable individual risks and contingent liabilities that are included on the basis of an amount determined by their probable occurrence.

The remaining terms of other provisions are broken down as follows as of 28 February 2026:

	Remaining term of up to 1 year	Remaining term of 1 to 5 years	Remaining term of more than 5 years	Total
	EUR million	EUR million	EUR million	EUR million
Restructuring obligations	68	26	0	94
Personnel expenses	1	53	0	54
Operational provisions	16	11	10	37
Contractual provisions	30	4	0	34
Other	89	37	0	126
Other provisions	**204**	**131**	**10**	**345**

The remaining terms on the reporting date of the comparative period were as follows:

	Remaining term of up to 1 year	Remaining term of 1 to 5 years	Remaining term of more than 5 years	Total
	EUR million	EUR million	EUR million	EUR million
Restructuring obligations	44	6	0	50
Personnel expenses	1	48	0	49
Operational provisions	22	8	6	36
Contractual provisions	11	4	0	15
Other	101	25	0	126
Other provisions	**179**	**91**	**6**	**276**

26 Liabilities under bonds and other notes payable and bank liabilities

The remaining terms of bonds, other notes payable and bank liabilities are broken down as follows:

	Remaining term of up to 1 year	Remaining term of 1 to 5 years	Remaining term of more than 5 years	Total
	EUR million	EUR million	EUR million	EUR million
Bonds and other notes payable	141	0	110	251
Bank liabilities	541	989	232	1,762
Remaining terms of liabilities as of 28 February 2026	**682**	**989**	**342**	**2,013**
Bonds and other notes payable	7	271	110	388
Bank liabilities	391	620	214	1,225
Remaining terms of liabilities as of 28 February 2025	**398**	**891**	**324**	**1,613**

The principal bonds outstanding as of 28 February 2026 have the following nominal values, interest rates and maturities:

	Utilization by 28.02.2026	Nominal interest rate	Re-offer yield	Maturity
	EUR million			
Otto GmbH & Co. KGaA Bearer bond (XS1660709616)	50	Euribor + mark-up	Euribor + mark-up	24.08.2026
Otto GmbH & Co. KGaA Registered Bond	15	3.400%	3.400%	25.03.2031
Otto GmbH & Co. KGaA Bearer bond (XS2028841489)*	30	3.400%	3.400%	17.07.2031
Otto GmbH & Co. KGaA Registered Bond*	10	3.000%	3.000%	24.01.2032
Otto GmbH & Co. KGaA Bearer bond (XS2111951690)*	40	3.000%	3.000%	30.01.2032
Otto GmbH & Co. KGaA Bearer bond (XS2063541358)*	15	3.180%	3.180%	10.10.2034

* Sustainable bond

Since the 2013/14 financial year, the Otto Group has had an EMTN program with a total volume of EUR 2,000 million on the Luxembourg stock exchange. On 28 February 2026, the total volume of bonds issued under the EMTN program amounted to EUR 135 million (28 February 2025: EUR 356 million).

In addition, a commercial paper program has been in place since the 2016/17 financial year and has a total value of EUR 1,000 million. On 28 February 2026, the total volume of outstanding commercial paper amounted to EUR 90 million (28 February 2025: EUR 0 million).

In the 2025/26 financial year, the Otto Group repaid a bond with a nominal volume of EUR 221 million and an original maturity date of April 2026 ahead of schedule.

As of 28 February 2026, there are the following material liabilities to various German and foreign banks (in order of maturity):

	Utilization by 28.02.2026	Interest Rate	Maturity
	EUR million		
Fixed interest rate			
Remaining term of up to 1 year	25	1.5 – 3.2 %	2026 – 2027
Remaining term of 1 to 5 years	537	1.5 – 6.9 %	2027 – 2030
Remaining term of more than 5 years	361	2.1 – 5.0 %	2031 – 2041
Variable interest rate			
Remaining term of 1 to 5 years	341	Euribor + variable mark-up	2027 – 2030
Remaining term of more than 5 years	54	Euribor + variable mark-up	2032 – 2039

For financial liabilities, the interest rate reported corresponds to the effective interest rate.

In the 2025/26 financial year, promissory note loans with a total volume of EUR 240 million were issued with terms of three to seven years. On 28 February 2026, the total volume of outstanding promissory note loans amounted to EUR 591 million.

27 Other financing liabilities

The other financing liabilities are composed as follows:

	28.02.2026	28.02.2025
	EUR million	EUR million
ABS financing liabilities	91	54
Loans payable	121	45
Other financing liabilities	**212**	**99**

The other financial liabilities are interest-bearing.

The remaining terms were as follows:

	Remaining term of up to 1 year	Remaining term of 1 to 5 years	Remaining term of more than 5 years	Total
	EUR million	EUR million	EUR million	EUR million
ABS financing liabilities	91	0	0	91
Loans payable	12	53	56	121
Other financing liabilities as of 28 February 2026	**103**	**53**	**56**	**212**
ABS financing liabilities	54	0	0	54
Loans payable	5	22	18	45
Other financing liabilities as of 28 February 2025	**59**	**22**	**18**	**99**

28 Trade payables

Trade payables include liabilities from reverse factoring programs in the amount of EUR 278 million (28 February 2025: EUR 340 million). The Otto Group offers selected suppliers reverse factoring solutions, which give suppliers an additional option for structuring their own refinancing. Receivables from suppliers resulting from reverse factoring solutions are still reported in the consolidated balance sheet under current trade payables.

By 28 February 2026, suppliers had received payments of EUR 177 million as part of reverse factoring programs (28 February 2025: EUR 184 million).

29 Liabilities to related parties

Liabilities to related parties consist of the following:

	28.02.2026	28.02.2025
	EUR million	EUR million
Liabilities to associated companies and joint ventures	9	44
Liabilities to other related parties	4	3
Liabilities to related parties	**13**	**47**

The remaining terms were as follows:

	28.02.2026 EUR million	28.02.2025 EUR million
Remaining term of up to 1 year	12	47
Remaining term of 1 to 5 years	1	0
Remaining term of more than 5 years	0	0
Liabilities to related parties	**13**	**47**

Liabilities to associated companies and joint ventures result largely from current liabilities from offsetting with Hanseatic Bank GmbH & Co KG, Hamburg. In the previous year, a significant amount of current liabilities from offsetting with Hermes Germany GmbH, Hamburg, were also reported.

30 Other liabilities

The other liabilities are composed as follows:

	28.02.2026 EUR million	28.02.2025 EUR million
Liabilities to employees	344	360
Liabilities for continuing involvement	215	0
Debtors with credit balances	68	85
Negative fair values (interest rate and currency derivatives)	59	40
Obligation to acquire equity interests	57	65
Liabilities to puttable equity interest	43	50
Negative fair values (other derivatives)	0	118
Other	84	43
Other financial liabilities	**870**	**761**
Contractual Liabilities	377	383
Liabilities for other taxes	315	336
Deferred income	39	110
Social security liabilities	13	12
Liabilities for other charges	8	8
Other	2	1
Miscellaneous other liabilities	**754**	**850**
Other liabilities	**1,624**	**1,611**

Liabilities to employees consist primarily of wage and salary obligations, holidays not taken and accrued holiday pay and also under partial retirement agreements.

The liabilities from continuing involvement result from the remaining continuing involvement from the transfer of receivables recorded as part of a factoring program.

Please refer to Note 31 for information on contractual liabilities.

In accordance with IAS 32, the obligation – on the exercise of options granted to certain shareholders of Group companies – to purchase their shares at their proportional equity value, is to be recognized as a liability to purchase shares at the level of the probable settlement amount.

The maturities of the other financial liabilities are composed as follows:

	28.02.2026	28.02.2025
	EUR million	EUR million
Remaining term of up to 1 year	747	565
Remaining term of 1 to 5 years	122	194
Remaining term of more than 5 years	1	2
Other financial liabilities	**870**	**761**

31 Contract balances

These contract balances are composed as follows:

	28.02.2026	28.02.2025
	EUR million	EUR million
Receivables from contracts with customers	929	923
Receivables from contracts with customers included in assets held for sale	0	79
Contract liabilities	377	383
Contract liabilities included in liabilities held for sale	0	12

Receivables from contracts with customers are a component of trade receivables and receivables from financial services (see Note 19). On 28 February 2026, the allowances recognized on receivables from contracts with customers amount to EUR 91 million (28 February 2025: EUR 102 million). On 28 February 2025, the allowances on receivables from contracts with customers included in assets held for sale amounted to EUR 1 million.

The contract liabilities from contracts with customers generally result from advance payments from customers, customer loyalty programs, customer vouchers not yet redeemed, and warranty extensions not yet claimed. The total value of as yet unfulfilled performance obligations expected to be settled in more than twelve months is EUR 36 million on 28 February 2026 (28 February 2025: EUR 33 million).

In the 2025/26 financial year, EUR 252 million of the contract liabilities reported on the previous year's balance sheet date was recognized as revenue (2024/25: EUR 284 million).

32 Share-based payment programs

There were share-based payment programs in the 2025/26 financial year for Medgate Holding AG, Basel, Switzerland and ABOUT YOU Holding AG, Hamburg.

a Medgate Holding AG share-based payment programs

A put/call agreement was concluded on the future acquisition of all non-controlling interests as part of the acquisition of Medgate Holding AG, Basel, Switzerland, in March 2022. Since the amount of the exercise price is partly dependent on the continued employment of management, this component has been classified as cash-settled share-based payment. The resulting obligation is measured at fair value and recognized pro rata over the vesting period, which extends over a total of five years until 28 February 2027. On the reporting date, the obligation reported under other financial liabilities amounted to EUR 18 million (28 February 2025: EUR 26 million). In the 2025/26 financial year, income of EUR 8 million was recognized within personnel expenses (2024/25: expenses of EUR 6 million) due to the adjustment to corporate planning.

b Share-based payment programs at ABOUT YOU Holding AG

ABOUT YOU Holding AG was sold in the 2025/26 financial year, effective 11 July 2025, and was therefore deconsolidated. Expenses of EUR 5 million (2024/25: EUR 16 million) were recognized in the 2025/26 financial year for the share-based payment commitments of ABOUT YOU Holding AG, all of which are classified as equity-settled. No further options were newly allocated in the 2025/26 financial year until the deconsolidation.

Notes to the Consolidated Cash Flow Statement

The cash flow statement is broken down into cash flows from operating, investing and financing activities.

33 Components of cash, cash equivalents, and non-cash transactions

Cash and cash equivalents totaling EUR 914 million (28 February 2025: EUR 562 million) consist exclusively of cash and cash equivalents.

Of the cash and cash equivalents reported in the consolidated cash flow statement, EUR 10 million was deposited as collateral (28 February 2025: EUR 11 million). Cash and cash equivalents include cash in the amount of EUR 168 million (28 February 2025: EUR 124 million) that is not available for use in the entire Group.

As part of a factoring agreement concluded by OTTO Payments GmbH, Hamburg, with an external third party, receivables from financial services in the amount of EUR 261 million were transferred by 28 February 2026. Of this amount, EUR 146 million was not paid out but instead set aside as agreed security retentions and recognized as other financial assets, as were the deferred purchase price receivables of EUR 8 million on the reporting date. In addition, receivables from financial services in the amount of EUR 215 million and other financial liabilities in the same amount are recognized due to continuing involvement. Factoring in an expense component of EUR 7 million, this resulted in liquidity inflow of EUR 100 million in the 2025/26 financial year (2024/25: EUR 0 million). With the exception of the expense component, the effects from the factoring agreement are reported in working capital and thus in cash flow from operating activities.

Significant non-cash transactions in financing and investing activities refer to the conclusion of leases within the meaning of IFRS 16 in the amount of EUR 167 million (2024/25: EUR 232 million).

Segment Reporting

34 Principles

In accordance with the provisions of IFRS 8, segment reporting is based on the management approach. This aligns segment reporting with internal reporting to the Executive Board of Otto Verwaltungsgesellschaft mbH. It also provides the information that is presented to these decision makers as part of regular reporting and then used to allocate resources for the individual divisions within the Group.

In accordance with the Group's internal management structure, segment reporting is based on the Group's business segments.

The Platforms segment includes e-commerce platforms whose strategic focus – besides their own trading business – is also on operating a marketplace solution where participating partners sell goods and services to end customers. In addition to the trading business and associated B2C services, B2B services closely related to the trading and marketplace business are offered as well.

The Brand Concepts segment involves internationally represented vertical concepts and product brands that sell both products of their own brands and licensed brands to end customers. The company mainly uses its own sales channels for this, along with e-commerce, brick-and-mortar retail, and catalogs.

The Retailer segment consists of multichannel retail concepts that primarily buy and sell products of their own and third-party brands. E-commerce is also a focal point in the sales channels here.

The Services segment is made up of the Otto Group's logistics and sourcing services, which deliver their services both to customers outside the Otto Group as well as to Group companies from the Platforms, Brand Concepts, and Retailers segments. Logistics services include numerous services along the logistics value chain, from transport and warehousing to delivery to private and business customers.

The Financial Services segment includes the range of international financial services within the Otto Group primarily for receivables management.

To supplement the business segments, additional information is provided on the geographical regions. In addition to Germany, the Otto Group is especially active in the Rest of Europe and in the USA.

35 Segment information

Segment reporting distinguishes between reportable segments on the one hand and non-reportable segments and other activities on the other. The reportable segments include the Platforms, Brand Concepts, Retailers, Services and Financial Services segments. In addition to the non-reportable Digital Health segment, the line "Non-reportable segments and other activities" also includes the other Group companies that are not allocated to an operating segment within the meaning of IFRS 8. Other Group companies include venture activities and the real estate companies of the Forum Group. Segment reporting is broken down as follows:

	Revenue and income from customer financing		Internal revenue (inter-segment)		Purchased goods and services		Operating income and expenses	
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Platforms	5,636	6,511	387	448	–3,635	–4,280	–1,788	–1,977
Brand Concepts	4,751	5,145	25	35	–2,074	–2,287	–1,684	–1,784
Retailers	1,604	1,683	15	15	–949	–991	–494	–516
Services	619	419	1,089	1,089	–797	–677	–309	–332
Financial Services	1,075	1,060	14	18	0	0	–303	–309
Reportable segments	**13,685**	**14,818**	**1,530**	**1,605**	**–7,455**	**–8,235**	**–4,578**	**–4,918**
Non-reportable segments and other activities	66	70	169	61	–10	–19	–27	12
Holding/Consolidation	0	0	–1,699	–1,666	592	656	1,066	1,069
Group	**13,751**	**14,888**	**0**	**0**	**–6,873**	**–7,598**	**–3,539**	**–3,837**

	Personnel expenses		Income from associated companies and joint ventures		EBITDA		EBIT	
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Platforms	–464	–518	0	–13	175	247	144	19
Brand Concepts	–694	–780	1	0	340	345	174	158
Retailers	–195	–215	0	0	–19	–23	–43	–56
Services	–502	–466	166	–95	268	–58	140	–153
Financial Services	–315	–296	19	21	490	493	469	470
Reportable segments	**–2,170**	**–2,275**	**186**	**–87**	**1,254**	**1,004**	**884**	**438**
Non-reportable segments and other activities	–128	–111	–37	–9	41	10	–56	–32
Holding/Consolidation	–109	–131	0	0	–163	–98	–187	–130
Group	**–2,407**	**–2,517**	**149**	**–96**	**1,132**	**916**	**641**	**276**

	Segment assets		Capital expenditure on intangible assets and property, plant and equipment		Gross cash flow from operating activities		Employees (average number)	
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million		
Platforms	2,429	2,319	19	48	280	143	4,526	5,544
Brand Concepts	2,040	2,281	77	57	339	372	9,975	10,601
Retailers	1,665	1,716	16	13	8	–13	2,843	2,962
Services	2,090	1,431	445	97	101	34	9,804	9,334
Financial Services	3,578	3,249	10	9	495	495	5,554	5,605
Reportable segments	**11,802**	**10,996**	**567**	**224**	**1,223**	**1,031**	**32,702**	**34,046**
Non-reportable segments and other activities	1,721	1,907	16	13	78	43	1,454	1,269
Holding/Consolidation	–2,071	–2,285	7	16	–165	–110	675	989
Group	**11,452**	**10,618**	**590**	**253**	**1,136**	**964**	**34,831**	**36,304**

Investments in intangible assets and property, plant, and equipment in the Services segment in the 2025/26 financial year include additions in the amount of EUR 378 million due to changes in the scope of consolidation.

Depreciation and amortization in the Group amounted to EUR 491 million in the 2025/26 financial year (2024/25: EUR 640 million). Of this amount, the Platforms segment accounts for EUR 31 million (2024/25: EUR 228 million), the Brand Concepts segment for EUR 166 million (2024/25: EUR 187 million), the Retailers segment for EUR 24 million (2024/25: EUR 33 million), the Services segment for EUR 128 million (2024/25: EUR 95 million), the Financial Services segment for EUR 21 million (2024/25: EUR 23 million), the non-reportable segments and other activities for EUR 97 million (2024/25: EUR 42 million) and Holding/Consolidation for EUR 24 million (2024/25: EUR 32 million). The reversals of impairment losses amounted to EUR 156 million in the 2024/25 financial year and were attributable to the Platforms segment (see Note 7).

Segment data is determined on the basis of accounting and measurement policies used for preparing the consolidated financial statements. Third-party revenue results from the sale of merchandise and the provision of services, including financial services. Internal revenue relates to the exchange of products and services between segments. Receivables, liabilities, expenses and income resulting from transactions between the individual segments are eliminated in the Holding/Consolidation line. Such transactions are conducted on normal market terms.

Gross cash flow corresponds to earnings before interest and tax, adjusted for the profits, losses and dividends of associated companies and joint ventures and also for material non-cash income and expenses.

Segment assets include non-current assets for the relevant segment, i.e. intangible assets (including goodwill), property, plant and equipment, right-of-use assets and interests in associated companies and joint ventures, as well as current assets. Segment assets do not include other investments, finance receivables, current income tax credits, deferred tax assets and cash and cash equivalents. Only in the Financial Services segment are finance receivables included under segment assets.

Segment assets can be reconciled with Group assets as follows:

	28.02.2026 EUR million	28.02.2025 EUR million
Segment assets	**11,452**	**10,618**
Other financial investments	325	279
Receivables and other assets	46	13
Cash and cash equivalents	914	562
Deferred tax assets	198	228
Assets held for sale	0	1,752
Consolidated assets	**12,935**	**13,452**

For geographical information, revenue is segmented according to customer location. Assets are calculated based on the Group company's location and include the non-current assets for the geographical regions and thus consist of intangible assets, property, plant and equipment, and right-of-use assets as well:

	Revenue		Income from customer financing		Total revenue and income from customer financing		Non-current assets	
	2025/26 EUR million	2024/25 EUR million	2025/26 EUR million	2024/25 EUR million	2025/26 EUR million	2024/25 EUR million	2025/26 EUR million	2024/25 EUR million
Germany	8,298	8,542	191	137	8,489	8,679	2,817	2,279
Rest of Europe	2,718	3,456	80	81	2,798	3,537	658	769
USA	2,320	2,524	0	0	2,320	2,524	704	815
Other regions	144	148	0	0	144	148	32	36
Group	**13,480**	**14,670**	**271**	**218**	**13,751**	**14,888**	**4,211**	**3,899**

Other Disclosures

36 Financial instruments

a Non-derivative financial instruments

The Otto Group uses a wide range of financial instruments in its various lines of business.

The tables below list the financial assets and liabilities in accordance with the categories of financial instruments outlined in IFRS 9 based on the carrying amount and associated fair value as of 28 February 2026. Cash flow hedges and other financial investments classified as Level 3 are reported separately. The tables do not contain any information about the fair value of financial assets and liabilities which were not measured at fair value if the carrying amount represents an adequate approximation of the fair value.

Assets	Amortized cost (AC)	Fair value through profit or loss (FVPL)	Fair value recognized in equity (FVOCI)	Fair value recognized in equity (FVOCI) without recycling	Not assigned to an IFRS 9 category	Carrying amount
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Other financial investments	0	126	0	199	0	325
Trade receivables	824	84	0	0	0	908
Receivables from financial services	2,921	215	0	0	0	3,136
Receivables from related parties	34	0	0	0	0	34
Other financial assets	415	149	0	0	0	564
Cash and cash equivalents	914	0	0	0	0	914
Interest rate and currency derivatives	0	1	0	0	0	1
Cash flow hedges	0	0	0	0	5	5
Balance as of 28 February 2026	**5,108**	**575**	**0**	**199**	**5**	

Liabilities	Amortized cost (AC)	Fair value through profit or loss (FVPL)	Not assigned to an IFRS 9 category	Carrying amount
	EUR million	EUR million	EUR million	EUR million
Profit and loss participation rights	19	0	0	19
Bonds and other notes payable	251	0	0	251
Bank liabilities	1,762	0	0	1,762
Other financing liabilities	212	0	0	212
Lease liabilities	0	0	1,058	1,058
Trade payables	1,871	0	0	1,871
Liabilities to related parties	12	0	0	12
Other financial liabilities	540	215	57	812
Interest rate and currency derivatives	0	10	0	10
Other derivatives	0	0	0	0
Cash flow hedges	0	0	48	48
Balance as of 28 February 2026	**4,667**	**225**	**1,163**	

On the reporting date of the comparative period the carrying amounts and fair values of financial assets and liabilities were as follows:

Assets	Amortized cost (AC)	Fair value through profit or loss (FVPL)	Fair value recognized in equity (FVOCI)	Fair value recognized in equity (FVOCI) without recycling	Not assigned to an IFRS 9 category	Carrying amount
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Other financial investments	0	84	0	195	0	279
Trade receivables	850	49	0	0	0	899
Receivables from financial services	2,664	0	0	0	0	2,664
Receivables from related parties	54	0	0	0	0	54
Other financial assets	200	85	0	0	0	285
Cash and cash equivalents	562	0	0	0	0	562
Interest rate and currency derivatives	0	10	0	0	0	10
Cash flow hedges	0	0	0	0	39	39
Balance as of 28 February 2025	**4,330**	**228**	**0**	**195**	**39**	

Liabilities	Amortized cost (AC)	Fair value through profit or loss (FVPL)	Not assigned to an IFRS 9 category	Carrying amount
	EUR million	EUR million	EUR million	EUR million
Profit and loss participation rights	22	0	0	22
Bonds and other notes payable	388	0	0	388
Bank liabilities	1,225	0	0	1,225
Other financing liabilities	99	0	0	99
Lease liabilities	0	0	944	944
Trade payables	1,856	0	0	1,856
Liabilities to related parties	47	0	0	47
Other financial liabilities	538	0	65	603
Interest rate and currency derivatives	0	7	0	7
Other derivatives	0	118	0	118
Cash flow hedges	0	0	33	33
Balance as of 28 February 2025	**4,175**	**125**	**1,042**	

In the 2025/26 financial year and in the previous year, there were no reclassifications between the various levels of the fair value hierarchy as provided for in IFRS 13.

The fair value hierarchy for financial assets and liabilities is as follows:

Assets	Level 1	Level 2	Level 3	Fair Value
	EUR million	EUR million	EUR million	EUR million
Other financial investments	0	0	325	325
Trade receivables	0	0	0	0
Receivables from financial services	0	0	215	215
Receivables from related parties	0	0	0	0
Other financial assets	0	64	85	149
Securities	0	0	0	0
Cash and cash equivalents	0	0	0	0
Interest rate and currency derivatives	0	1	0	1
Cash flow hedges	0	5	0	5
Balance as of 28 February 2026	**0**	**70**	**625**	**695**

Liabilities	Level 1	Level 2	Level 3	Fair Value
	EUR million	EUR million	EUR million	EUR million
Profit and loss participation rights	0	0	0	0
Bonds and other notes payable	0	244	0	244
Bank liabilities	0	1,723	0	1,723
Other financing liabilities	0	0	0	0
Lease liabilities	0	0	0	0
Trade payables	0	0	0	0
Liabilities to related parties	0	0	0	0
Other financial liabilities	0	0	253	253
Interest rate and currency derivatives	0	10	0	10
Other derivatives	0	0	0	0
Cash flow hedges	0	48	0	48
Balance as of 28 February 2026	**0**	**2,025**	**253**	**2,278**

The following table presents a reconciliation of the respective fair values on the reporting date for financial instruments that are measured at fair value on a recurring basis and assigned to Level 3:

	Other financial investments (FVPL)	Other financial investments (FVOCI)	Receivables from financial services (FVPL)	Other financial assets and other derivatives (FVPL)	Other financial assets (FVOCI)	Other derivatives, liabilities (FVPL)	Other financial liabilities (FVPL)	Other financial liabilities, not assigned to an IFRS 9 category
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
As of 1 March 2025	**84**	**195**	**0**	**85**	**0**	**118**	**0**	**37**
Gains or losses due to changes in fair value	41	–5	0	0	0	2	0	0
Additions	12	16	215	0	0	0	215	1
Disposals from sales/repayments	–11	–1	0	0	0	–120	0	0
Other changes	0	–6	0	0	0	0	0	0
Balance as of 28 February 2026	**126**	**199**	**215**	**85**	**0**	**0**	**215**	**38**

Other financial investments classified as Level 3 correspond to investments in companies and in investment funds. The fair value is determined using a measurement method for which the main input factors are based on unobservable market data. Measurement is carried out in accordance with the measurement method deemed most appropriate in each case. In most cases, the best indication is provided by information from recent financing rounds. In addition, market multiples are also used to determine fair value. Due to the large number of investments, sensitivities cannot be presented in a meaningful way.

Other financial investments assessed at fair value through other comprehensive income mainly include investments in venture capital funds in innovative companies with a focus on digital business models, artificial intelligence, sustainable technologies (impact), deep-tech, data-driven solutions along the customer journey, and technological infrastructure.

Changes in the fair value of other financial assets measured at fair value through profit or loss are recognized in other net financial income (expense). The recognized changes in the fair value of other financial assets measured at fair value through other comprehensive income are included in accumulated other comprehensive income and are reclassified to consolidated retained earnings when realized. The additions and disposals mainly relate to additional fund investments and sales of fund investments in the venture activities. The other changes are mainly due to exchange rate effects and changes in the method of consolidation of Group companies.

In the 2025/26 financial year, dividends in the amount of EUR 3 million (2024/25: EUR 3 million) were recognized in the net financial result from shares in companies measured at fair value through other comprehensive income. In the reporting period, income of EUR 2 million (2024/25: EUR 0 million) was reclassified from other comprehensive income to consolidated retained earnings in Group equity. They resulted exclusively from the disposal of investments and were included in Group equity under other changes recognized directly in equity.

The new factoring program launched in the 2025/26 financial year leads to the recognition of a continuing involvement, which in turn results in the recognition of receivables from financial services and, in the same amount, the recognition of other financial liabilities, each of which is appraised at fair value through profit or loss. The fair value is made up of the risk of repurchase if all receivables sold were to default and have to be repurchased by the Otto Group and of the security retentions for which payment would no longer be expected.

Changes in the fair value of other financial assets and other derivatives measured at fair value through profit or loss are recognized in other net financial income (expense).

Other financial assets include a subsequent contingent purchase price component for a Group company sold in the 2017/18 financial year in the amount of EUR 85 million (28 February 2025: EUR 85 million). The retrospective purchase price component was fully recognized based on an agreement concluded in the 2020/21 financial year, as it was deemed to be very probable that the conditions would be fulfilled and the purchase price receivables settled in the 2025/26 financial year, as in the previous year.

The additions to other financial liabilities that are not assigned to a valuation category mainly relate to a share-based payment component from a put/call agreement of a corporate group.

The fair value hierarchy for financial assets and liabilities in the previous financial year was as follows:

Assets	Level 1	Level 2	Level 3	Fair Value
	EUR million	EUR million	EUR million	EUR million
Other financial investments	0	0	279	279
Trade receivables	0	0	0	0
Receivables from financial services	0	0	0	0
Receivables from related parties	0	0	0	0
Other financial assets	0	0	85	85
Securities	0	0	0	0
Cash and cash equivalents	0	0	0	0
Interest rate and currency derivatives	0	10	0	10
Cash flow hedges	0	39	0	39
Balance as of 28 February 2025	**0**	**49**	**364**	**413**

Liabilities	Level 1	Level 2	Level 3	Fair Value
	EUR million	EUR million	EUR million	EUR million
Profit and loss participation rights	0	0	0	0
Bonds and other notes payable	269	100	0	369
Bank liabilities	0	1,265	0	1,265
Other financing liabilities	0	0	0	0
Lease liabilities	0	0	0	0
Trade payables	0	0	0	0
Liabilities to related parties	0	0	0	0
Other financial liabilities	0	0	37	37
Interest rate and currency derivatives	0	7	0	7
Other derivatives	0	0	118	118
Cash flow hedges	0	33	0	33
Balance as of 28 February 2025	**269**	**1,405**	**155**	**1,829**

As of the reporting date of the comparative period, the reconciliation for financial instruments that are regularly measured at fair value and allocated to level 3 was as follows:

	Other financial investments (FVPL)	Other financial investments (FVOCI)	Other financial assets and other derivatives (FVPL)	Other financial assets (FVOCI)	Other derivatives, liabilities (FVPL)	Other financial liabilities, not assigned to an IFRS 9 category
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
As of 1 March 2024	**78**	**209**	**85**	**0**	**80**	**36**
Gains or losses due to changes in fair value	3	–25	0	0	38	0
Additions	12	11	0	0	0	1
Disposals from sales/repayments	–9	–2	0	0	0	0
Other changes	0	2	0	0	0	0
Balance as of 28 February 2025	**84**	**195**	**85**	**0**	**118**	**37**

The net gain/loss from financial instruments after tax (attributable to the Group) includes effects from value allowances, currency translation, measurement at fair value and disposal of financial instruments and is broken down into the individual IFRS 9 measurement categories as follows:

	Recognized in equity	Recognized in income	Total
	EUR million	EUR million	EUR million
Financial investments measured at amortized cost	0	1,042	1,042
Financial liabilities measured at amortized cost	0	0	0
Financial investments measured at fair value through profit or loss	0	76	76
Financial liabilities measured at fair value through profit or loss	0	–85	–85
Financial investments measured at fair value recognized in equity	0	0	0
Financial investments measured at fair value recognized in equity without recycling	9	0	9
Net gain/net loss as of 28 February 2026	**9**	**1,033**	**1,042**

At the reporting date of the comparative period, the breakdown was as follows:

	Recognized in equity	Recognized in income	Total
	EUR million	EUR million	EUR million
Financial investments measured at amortized cost	0	966	966
Financial liabilities measured at amortized cost	0	–1	–1
Financial investments measured at fair value through profit or loss	0	12	12
Financial liabilities measured at fair value through profit or loss	0	–39	–39
Financial investments measured at fair value recognized in equity	0	0	0
Financial investments measured at fair value recognized in equity without recycling	–20	0	–20
Net gain/net loss as of 28 February 2025	**–20**	**938**	**918**

The financial instruments mentioned above were recognized in revenue, in other operating income and expenses, in income from equity investments, and in other net financial income (expense) depending on their effects on income.

b Derivative financial instruments

Owing to its international activities, the Otto Group is particularly exposed to risks from foreign exchange and interest rate changes. The Group companies of the Otto Group use derivative financial instruments to limit these risks.

The use of derivative financial instruments within the Otto Group is governed by specific guidelines and is permitted only for hedging existing underlying transactions, or forecasted transactions that are sufficiently probable. These binding guidelines define responsibilities, areas of authority, reporting requirements and the strict separation of trading, settlement and control functions. According to this guideline, trading transactions with derivative financial instruments may be entered into only with banks of sufficient creditworthiness.

The Otto Group uses conditional and unconditional foreign exchange transactions to hedge completed or forecasted business transactions in a risky currency. As part of the Group's interest rate hedging, risks are minimized by concluding interest rate derivatives in the form of interest rate swaps.

Accordingly, the derivative transactions that the Otto Group enters into are reported to a trade repository according to the provisions of the European Market Infrastructure Regulation (EMIR). Where possible, the Otto Group makes use of grounds for exemption or delegates fulfillment of reporting obligations to its counterparties. Compliance with EMIR is regularly verified and certified by an auditing company.

Currency risk

Within the Otto Group, risks arise from foreign currency transactions for receipts and payments denominated in currencies other than the functional currency of the Group companies. These involve cash flows from highly probable future transactions mainly from merchandise purchasing and revenue as well as from refinancing. The euro is the predominant functional currency. The transactions in question are primarily denominated in the euro, the US dollar, the Swiss franc and the Hong Kong dollar. The main currency risk exposure is hedged. From the point of view of the individual company, hedging can cover up to 100% of the estimated foreign currency risks from highly probable future transactions and already accounted for underlying transactions. Foreign currency risk is hedged using foreign exchange transactions that are generally classified as cash flow hedges. An overview of the movement of currencies that have a material and relevant effect on the consolidated financial statements can be found under Note 2b.

The Otto Group designates the spot component of qualified foreign currency derivatives as the hedging instrument based on a 1:1 ratio. The forward components of foreign currency derivatives are not taken into account here. These are reported separately as hedging costs and are included under consolidated equity.

The existence of an economic relationship between the hedging instrument and the hedged underlying transaction is established on the basis of currency, amount and the timing of their respective cash flows. The Group uses the hypothetical derivative method together with the dollar offset method to assess whether any material ineffectiveness has occurred with regard to the designated hedging relationships. Ineffectiveness is not expected to occur for these hedging relationships as it is not assumed that the currency, amount or timing of the corresponding cash flows from the underlying transaction will change before maturity.

Interest rate risk

The hedging strategy pursued by the Otto Group for loans received involves the conversion of the majority of variable interest rate loans and bonds to fixed interest payments by means of corresponding fixed interest rate derivatives.

When preparing the consolidated financial statements, the effectiveness of the hedging relationships was tested using the critical term match method. Important criteria (critical terms) used to test the appropriateness of the hedging instrument for the underlying transaction when hedging interest rate risks include the reference interest rate, nominal value, interest rate agreement as well as the timing and amount of the cash flows. The current hedging ratio is 50%.

The Group uses the hypothetical derivative method together with the dollar offset method to assess whether any material ineffectiveness has occurred with regard to the designated hedging relationships. The main causes of ineffectiveness in the context of these hedging relationships result from taking into account the credit loss risks of the corresponding counterparties when determining the fair value of the swaps in the hedge.

Cash flow hedging

As of the reporting date, the remaining terms of the nominal values of instruments held by the Otto Group for the purposes of hedging against exchange rate and interest rate changes were as follows:

	Remaining term of up to 1 year	Remaining term of 1 to 5 years	Remaining term of more than 5 years
	EUR million	EUR million	EUR million
Currency derivatives	459	118	0
Interest rate derivatives	50	83	44
Total assets	**509**	**201**	**44**
Currency derivatives	1,002	438	0
Interest rate derivatives	0	30	0
Total liabilities	**1,002**	**468**	**0**

In the previous year, the nominal values of interest rate derivatives and currency derivatives were composed as follows:

	Remaining term of up to 1 year	Remaining term of 1 to 5 years	Remaining term of more than 5 years
	EUR million	EUR million	EUR million
Currency derivatives	1,176	211	0
Interest rate derivatives	0	83	47
Total assets	**1,176**	**294**	**47**
Currency derivatives	376	237	0
Interest rate derivatives	0	50	0
Total liabilities	**376**	**287**	**0**

The Otto Group recognizes certain derivatives that meet the hedging relationship requirements of IFRS 9 as cash flow hedges. On the balance sheet date, the following hedging instruments meet these criteria:

	28.02.2026			28.02.2025		
	Nominal value	Fair value assets	Fair value liabilities	Nominal value	Fair value assets	Fair value liabilities
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Currency derivatives						
Revenue	200	0	3	195	1	2
Refinancing	699	0	21	835	3	30
Inventories	800	2	24	610	31	0
Interest rate derivatives						
Interest rate swaps	206	3	0	179	4	1
Derivatives in cash flow hedges	**1,905**	**5**	**48**	**1,819**	**39**	**33**

Positive fair values are recorded under other assets (see Note 21), while negative fair values are recorded under other liabilities (see Note 30).

The changes in the fair values of the derivatives in a hedging relationship and their effect on the equity components are as follows:

	Designated risk component			Cost of hedging		
	Recognized in equity	Reclassified to cost of inventory	Reclassified to profit or loss	Recognized in equity	Reclassified to cost of inventory	Reclassified to profit or loss
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Currency derivatives						
Revenue	–13	0	7	3	0	–3
Refinancing	–49	0	49	–3	0	0
Inventories	–88	24	0	19	–8	0
Interest rate derivatives						
Interest rate swaps	0	0	3	0	0	0
Change in the fair value of derivatives in cash flow hedges before deduction of non-controlling interests and deferred tax as of 28 February 2026	**–150**	**24**	**59**	**19**	**–8**	**–3**

	Designated risk component			Cost of hedging		
	Recognized in equity	Reclassified to cost of inventory	Reclassified to profit or loss	Recognized in equity	Reclassified to cost of inventory	Reclassified to profit or loss
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Currency derivatives						
Revenue	–8	0	9	3	0	–1
Refinancing	6	0	–6	3	0	0
Inventories	30	–8	0	7	–8	0
Interest rate derivatives						
Interest rate swaps	–6	0	3	0	0	0
Change in the fair value of derivatives in cash flow hedges before deduction of non-controlling interests and deferred tax as of 28 February 2025	**22**	**–8**	**6**	**13**	**–8**	**–1**

Amounts from currency derivatives that were reclassified to profit or loss are recorded under revenue (see Note 6) or other net financial income (expense) (see Note 12). Amounts from interest rate swaps that were reclassified at fair value through other profit and loss are taken into account under net interest income (expense) (see Note 12).

There is no hedging transaction ineffectiveness in currency derivatives in the 2025/26 financial year or in the previous year. The existing ineffectiveness of interest rate derivatives amounts to EUR 0 million in the 2025/26 financial year (2024/25: EUR 1 million). In addition, EUR –3 million (2024/25: EUR –3 million) was reclassified from the cash flow reserve through profit or loss due to the discontinuation of underlying transactions. The income and expenses arising from both issues are recorded under net interest income (expense) (see Note 12).

On 28 February 2026, the value of the hedged underlying transaction changed by EUR 157 million for currency derivatives (28 February 2025: EUR –40 million) and EUR 0 million for interest rate derivatives (28 February 2025: EUR 6 million). The hedged underlying transaction serves as a basis for recording the ineffectiveness of the hedging relationship.

The following table shows the reconciliation of risk categories of the equity components and the corresponding analysis of the items under other comprehensive income after tax that result from cash flow hedge accounting:

	2025/26			2024/25		
	Designated risk component	Cost of hedging forward exchange transactions	Cost of hedging option transactions	Designated risk component	Cost of hedging forward exchange transactions	Cost of hedging option transactions
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Attributable to shareholders of Otto GmbH & Co. KGaA and after recognition of deferred tax as of 1 March	**13**	**12**	**–13**	**1**	**2**	**–7**
Changes in fair values before deduction of non-controlling interests and before deferred tax						
Currency derivatives - inventories	–88	20	–1	30	8	–1
Currency derivatives - revenue	–13	3	0	–8	3	0
Currency derivatives - refinancing	–49	–3	0	6	3	0
Interest rate derivatives - interest rate swaps	0	0	0	–6	0	0
Reclassified to profit or loss before deduction of non-controlling interests and before deferred tax						
Currency derivatives - revenue	7	–3	0	9	–1	0
Currency derivatives - refinancing	49	0	0	–6	0	0
Interest rate derivatives - interest rate swaps	3	0	0	3	0	0
Reclassified to cost of inventories before deduction of non-controlling interests and before deferred tax						
Currency derivatives - inventories	24	–9	1	–8	–9	1
Fair value of derivatives in cash flow hedges before deduction of non-controlling interests and before deferred tax	**–54**	**20**	**–13**	**21**	**6**	**–7**
Change in the fair value of derivatives in cash flow hedges attributable to non-controlling interests	2	0	0	2	–1	0
Fair value of derivatives in cash flow hedges attributable to shareholders of Otto GmbH & Co. KGaA	**–52**	**20**	**–13**	**23**	**5**	**–7**
Deferred tax effects resulting from changes	20	–8	5	–10	7	–6
Fair value of derivatives in cash flow hedges attributable to shareholders of Otto GmbH & Co. KGaA after deferred tax on 28 February	**–32**	**12**	**–8**	**13**	**12**	**–13**

The hedging costs concern transaction-related hedged underlying transactions.

The underlying transactions hedged occur in a period of up to four years in the case of currency derivatives and up to 14 years in the case of interest rate derivatives. The probable cash flow effects will occur in the same period. The nominal volumes of the hedging transactions are offset by underlying transactions already recognized in the amount of EUR 896 million (28 February 2025: EUR 1,032 million) for currency derivatives, and in the amount of EUR 206 million (28 February 2025: EUR 179 million) for interest rate derivatives as well as planned transactions. In regard to underlying transactions accounted for from a hedging relationship with currency derivatives, EUR –3 million (28 February 2025: EUR –12 million) from the cash flow hedge reserve is included in the acquisition costs of inventories and from accumulated other comprehensive income in revenue. Of this amount, EUR –2 million (28 February 2025: EUR –11 million) is attributable to the designated risk component and EUR –1 million (28 February 2025: EUR –1 million) to the cost of hedging.

The Otto Group concludes derivative transactions within the scope of the existing German Master Agreement for Financial Derivatives Transactions (Rahmenvertrag für Finanztermingeschäfte). If certain credit events occur, such as a payment default or the termination of transactions concluded under this agreement, all outstanding transactions relating to the derivative transactions that are in default are terminated and the value as of the termination date is determined. To this end, a single net amount is to be used for settling all transactions. A single net amount should be used to offset all transactions. As there is currently no specific credit event such as a default on a bank loan and, consequently, no legal entitlement to offset the recognized amounts, the agreements concluded do not meet the criteria for offsetting in the balance sheet.

The following financial instruments are subject to the German Master Agreement for Financial Derivatives Transactions:

	28.02.2026			28.02.2025		
	Gross and net amount presented in the balance sheet	Amount not set off in the balance sheet	Net amount	Gross and net amount presented in the balance sheet	Amount not set off in the balance sheet	Net amount
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Financial assets						
Interest rate and currency derivatives	6	2	3	49	10	39
Financial liabilities						
Interest rate and currency derivatives	59	2	56	40	10	30

On 28 February 2026, the Otto Group holds foreign currency and interest rate derivatives in a hedging relationship at the following conditions:

	Remaining term of up to 1 year	Remaining term of 1 to 5 years	Remaining term of more than 5 years
Currency risk			
Average forward exchange rate EUR/USD	1.153	1.184	–
Average forward exchange rate EUR/HKD	9.258	9.320	–
Average forward exchange rate EUR/CHF	0.910	0.896	–
Interest rate risk			
Average fixed EUR interest rate (in %)	2.69	1.85	2.47

On the reporting date of the comparative period, the Otto Group held foreign currency and interest rate derivatives in a hedging relationship at the following conditions:

	Remaining term of up to 1 year	Remaining term of 1 to 5 years	Remaining term of more than 5 years
Currency risk			
Average forward exchange rate EUR/USD	1.082	1.110	–
Average forward exchange rate EUR/HKD	8.167	–	–
Average forward exchange rate EUR/CHF	0.958	0.909	–
Interest rate risk			
Average fixed EUR interest rate (in %)	–	2.03	2.34

c Financial risks

Due to its international positioning, the Otto Group is exposed to financial risks. These include in particular the effects of fluctuations in foreign exchange and interest rates. These risks are reduced through existing treasury and risk management processes.

All material interest rate change and foreign currency risks are fundamentally limited by refinancing in the same currency and/or with the same maturity. Any remaining material incongruities are further reduced by the use of derivatives such as interest rate swaps and forward exchange transactions.

Owing to the nature of its business activities, the Otto Group is primarily exposed to currency risks arising from fluctuations in the US dollar (USD), the Hong Kong dollar (HKD) and the Swiss franc (CHF). In calculating the sensitivities presented below, a hypothetical revaluation/devaluation of the euro against all currencies by +/- 10% was carried out as of 28 February 2026. All other variables remain unchanged. Under these conditions, the major effects on Group earnings before tax (EBT) and the equity of the Otto Group would have been as follows:

		EBT		Equity	
		2025/26	2024/25	28.02.2026	28.02.2025
		EUR million	EUR million	EUR million	EUR million
Fluctuation in USD	+10%	0	1	–115	–116
	–10%	0	–1	116	119
Fluctuation in HKD	+10%	–4	–5	–4	–3
	–10%	4	4	4	3
Fluctuation in CHF	+10%	2	1	19	20
	–10%	–2	–1	–19	–20
Total effects	**+10%**	**–2**	**–3**	**–100**	**–99**
	–10%	**2**	**2**	**101**	**102**

Exchange rate hedges are accounted for in the Otto Group as cash flow hedges to the greatest extent possible, in accordance with IFRS 9. The associated fluctuations in market value are shown under Group equity.

The reported effects on earnings primarily result from fluctuations in the measurement of derivatives that have been concluded to hedge cash flows for business operations and internal financing but not designated as a hedging relationship in the balance sheet in accordance with IFRS 9. These derivatives are also associated with contracts that are planned but not yet concluded in which the currency exchange risk follows a counter trend. When calculating the earnings effects, these cash flows are not included in the underlying operating transactions. The actual risk of the net position is thus much lower.

The Otto Group is also exposed to interest rate risks from variable interest-bearing receivables and liabilities.

A hypothetical increase/reduction in the market interest rate of 50 base points for all currencies (parallel shift of the interest rate curve) with all other variables remaining constant would result in the following effects on the earnings before tax (EBT) and equity of the Otto Group:

		EBT		Equity	
		2025/26	2024/25	28.02.2026	28.02.2025
		EUR million	EUR million	EUR million	EUR million
Shift in level of interest	+50 bp	0	0	3	5
	–50 bp	0	0	–3	–5

There is no risk concentration relating to the above-mentioned financial risks.

d Default risk

The Otto Group is exposed to the risk of its business partners not being able to meet their obligations. Within the Group, a financial asset is considered to be in default if it is expected that the financial partner will not fully meet their obligations to the Otto Group or if the financial asset has been handed over to a collection agency. Credit checks are performed to reduce the default risk, the maximum amount of which corresponds to the carrying amounts recognized for the relevant financial assets. For identifiable default risks, especially in trade receivables and receivables from financial services, appropriate value allowances are made using the model to be applied to expected credit defaults in accordance with IFRS 9. Cash and cash equivalents are also subject to IFRS 9 impairment rules; however, the impairment loss is not significant.

Trade receivables and receivables from financial services are essentially due from end customers and are normally not hedged by special instruments, with the exception of the usual retention of title typical for the retailing business. Because receivables are widely spread, only small amounts are actually allotted to individual customers. The risk of maximum default is thus highly improbable.

Deposits at banks and financial assets are only ever held with partners that have a sufficient creditworthiness on a par with ratings from an internationally recognized rating agency.

Overdue loans and receivables are monitored intensively in the various lines of business. In the Platforms, Brand Concepts, Retailers and Financial Services segments, credit management is a crucial element in operational processes.

The determination as to whether or not the default risk of other financial assets has increased significantly is based on a regular assessment of the probability of default, which takes into account external rating information as well as internal information on the credit quality of the counterparty. Other financial assets are derecognized if they are assumed to be uncollectible, for example due to the insolvency or death of the contractual partner.

Receivables that are not impaired or overdue solely due to renegotiation, and overdue other financial assets that are not impaired, exist only to a very limited extent with a maturity of up to one year. There are no objective indications that the debtors are unable to meet their obligations.

The Group uses an impairment matrix to measure the expected credit losses of trade receivables. Default rates are largely calculated using the roll rate method, which is based on the probability that a receivable will enter into arrears in successive stages. The expected default rates are based on the default history over previous years as well as forecasts in relation to future economic events. The default risk of trade receivables is explained in Note 19.

In the Financial Services segment, receivables primarily consist of fiduciary debt collection, receivables purchased and bridge loans provided. In the context of fiduciary activities, there are no material financial assets or financial instruments that are classed as overdue but not impaired. Receivables purchased generally relate to receivables classed as impaired which are already overdue.

In the Financial Services segment, the main default risks result from the purchase of payment-impaired receivables. Therefore, for managing risks, methods have been developed in order to systematically manage these risks. Important considerations when managing risk include contractual arrangements, analysis of portfolio structures and time series and investment calculations as part of due diligence procedures as well as the regular calculation of actual costs. The payment behavior of debtors is also monitored continuously so that structural changes can be identified early and taken into account.

As part of a factoring agreement concluded with an external third party, receivables in the amount of EUR 261 million were transferred by 28 February 2026. Of this amount, EUR 146 million was not paid out but instead set aside as agreed security retentions and recognized as other financial assets. In addition, receivables from financial services in the amount of EUR 215 million and other financial liabilities in the same amount with a remaining term of up to one year are recognized due to continuing involvement. Other financial liabilities reflect the continuing involvement from the transfer of receivables.

The recalculation is used to check and further develop the forecast quality of the receivables management systems on an ongoing basis. Furthermore, structural changes in payment behavior are monitored by debt collection and reported to risk management on a continuous basis. This ensures that timely adjustments can be made to the underlying measurement assumptions and that this information can be taken into account when analyzing future purchases. The adjustment of underlying measurement principles ensures that default risks within the scope of existing accounting and measurement guidelines are already included in the carrying amounts of the purchased receivables.

Because of the high number of individual receivables in the respective portfolios of purchased payment-impaired receivables, the risk of default is not tied to a small number of debtors.

A number of these purchased payment-impaired receivables are materially secured. Property is disposed of through sale on the open market or through foreclosure, however this does not always result in full settlement of the receivable in question. The disposal of property through foreclosure plays a role in supporting debt collection.

The carrying amount of the individual receivables packages purchased are regularly tested using a standardized measurement model. This measurement model is based on the estimated net cash receipts from the respective receivable package over the remaining term as of the measurement date. Future net cash receipts are discounted using the original effective interest rate.

Expected credit losses are determined based on the respective portfolio level that applied on purchase. In this respect, there have been no changes to the instrument summary.

e Liquidity risk

The Otto Group's financial management system ensures that the Group's liquidity is maintained at all times. It also ensures that the Otto Group has sufficient funds at its disposal for its operations and investments. Minimising financing costs is an essential ancillary condition for effective financial management. The basic principle is to match open positions through natural hedging. Refinancing instruments may include money and capital market products such as loans, bonds or ABS (asset-backed securities), along with guarantees, leasing, sale-and-lease-back, and factoring. The contracts for central corporate financing are concluded without financial covenants. The Group has a diversified banking portfolio and a corresponding buffer of free credit lines. Moreover, along with the banking market, the Otto Group has access to additional capital market instruments to cover its financing requirements.

The requisite underlying data on liquidity requirements is determined using an at least quarterly liquidity budget with a planning horizon of up to 24 months, a monthly liquidity budget with a planning horizon of 12 months and a daily budget with a horizon of at least four weeks. All budgets are regularly reviewed for variances. There is no risk concentration relating to the above-mentioned liquidity risks.

The Otto Group offers selected suppliers worldwide the opportunity to participate in reverse factoring programs (see Note 28). The payment terms agreed upon with suppliers for the trade payables in question are not contractually linked to the existence of a reverse factoring program and are within the normal industry framework. The programs serve to finance suppliers and therefore do not lead to liquidity or concentration risks for the Otto Group.

The following table shows the outflow of existing contractually agreed funds for financial liabilities as of 28 February 2026:

	Remaining term of up to 1 year	Remaining term of 1 to 5 years	Remaining term of more than 5 years	Total
	EUR million	EUR million	EUR million	EUR million
Bonds and other notes payable	144	14	115	273
Bank liabilities	579	1,084	252	1,915
Trade payables	1,938	8	0	1,946
Liabilities to related parties	12	0	0	12
Lease liabilities	253	649	332	1,234
Other financing liabilities	103	53	56	212
Other financial liabilities	747	122	1	870
thereof derivative financial instruments	38	20	0	58

As of 28 February 2025, the outflow of funds from financial liabilities fixed by contract were as follows:

	Remaining term of up to 1 year	Remaining term of 1 to 5 years	Remaining term of more than 5 years	Total
	EUR million	EUR million	EUR million	EUR million
Bonds and other notes payable	11	292	118	421
Bank liabilities	418	687	232	1,337
Trade payables	1,866	5	0	1,871
Liabilities to related parties	51	0	0	51
Lease liabilities	215	591	283	1,089
Other financing liabilities	59	22	18	99
Other financial liabilities	565	194	2	761
thereof derivative financial instruments	24	30	0	54

37 Cash and non-cash changes to liabilities arising from financing activities

Changes in liabilities arising from financing activities as of the closing date were as follows:

			Non-cash changes				
	01.03.2025	Cash changes	Effects from changes in the scope of consolidation	Effects from exchange rate changes	Effects from the conclusion of new and adjusted lease contracts	Effects from accrued interests/ compounding	28.02.2026
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Profit and loss participation rights	22	–2	0	0	0	0	20
Bonds and other notes payable	388	–141	0	0	0	4	251
Bank liabilities	1,225	526	14	–1	0	–2	1,762
Lease liabilities	944	–220	223	–66	133	44	1,058
Other financing liabilities	99	117	0	–4	0	0	212
Liabilities from financing activities	**2,678**	**280**	**237**	**–71**	**133**	**46**	**3,303**

On the previous reporting date, the liabilities arising from financing activities changed as follows:

			Non-cash changes				
	01.03.2024	Cash changes	Effects from changes in the scope of consolidation/IFRS 5	Effects from exchange rate changes	Effects from the conclusion of new and adjusted lease contracts	Effects from accrued interests/ compounding	28.02.2025
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Profit and loss participation rights	25	–3	0	0	0	0	22
Bonds and other notes payable	714	–329	0	0	0	3	388
Bank liabilities	1,567	–344	0	0	0	2	1,225
Lease liabilities	1,042	–257	–102	29	187	45	944
Other financing liabilities	42	55	0	2	0	0	99
Liabilities from financing activities	**3,390**	**–878**	**–102**	**31**	**187**	**50**	**2,678**

38 Leases

In particular, leases identified as important leases within the Otto Group involve the leasing of retail space (chain stores) and logistics facilities and the corresponding equipping of Group companies in the Services and Brand Concepts segments. Important leases also arise from the leasing of office space and office buildings by a large number of Group companies across all segments.

The contractual arrangement of the leases is generally carried out by the individual Group companies, taking into account country-specific practices. The basic term of current leases varies according to the lease class; and in the case of property, according to the respective location.

As a rule, leases for property include renewal options that can be extended up to a certain point in time before expiry of the non-cancellable basic term. The exercising of extension options that are not recognized in the lease liabilities on 28 February 2026 would result in a potential lease payment of EUR 1,211 million (28 February 2025: EUR 1,178 million). When concluding new leases, the inclusion of renewal options should be agreed wherever possible to ensure a high level of operational flexibility.

The remaining terms for reported lease liabilities are as follows:

	28.02.2026	28.02.2025
	EUR million	EUR million
Remaining term of up to 1 year	214	178
Remaining term of 1 to 5 years	551	509
Remaining term of more than 5 years	293	257
Lease liabilities	**1,058**	**944**

Reference is made to Note 16 for information on the amount of depreciation and amortization of right-of-use assets.

In accordance with the provisions of IFRS 16, the consolidated income statement for the 2025/26 financial year includes expenses for short-term leases in the amount of EUR 4 million (2024/25: EUR 3 million) and expenses for leases for low-value assets in the amount of EUR 9 million (2024/25: EUR 6 million) under other operating expenses. In addition, income from the subleasing of right-of-use assets in the amount of EUR 5 million (2024/25: EUR 3 million) is recognized under other operating income. Interest expenses from lease liabilities included in net financial result amount to EUR 44 million (2024/25: EUR 45 million).

For leases accounted for in accordance with IFRS 16, total cash outflows in the 2025/26 financial year amounted to EUR 220 million (2024/25: EUR 257 million) and are shown under cash flow from financing activities. Of this amount, EUR 176 million (2024/25: EUR 212 million) is attributable to repayments and EUR 44 million (2024/25: EUR 45 million) to interest payments. Remaining in the gross cash flow from operating activities are payments for short-term leases, for leases for low-value assets, and for variable lease payments in the amount of EUR 22 million in total (2024/25: 17 million).

39 Related party transactions

Related parties of the Otto Group, as defined in IAS 24, are persons or companies who control the Group or exercise significant influence over it, or over whom the Otto Group has control or exercises significant influence. Accordingly, the members of the Otto family and Michael Otto Stiftung, the businesses controlled or subject to significant influence by this family and the Foundation (Stiftung), the members of the management of Otto Verwaltungsgesellschaft mbH and in the previous year the members of the Executive Board of the former OTTO Aktiengesellschaft für Beteiligungen, in the previous year the members of the Executive Board of Verwaltungsgesellschaft Otto mbH along with the Group companies of the Otto Group, its associated companies, and joint ventures are defined as related parties. Verwaltungsgesellschaft Otto mbH was the general partner of the former Otto (GmbH & Co KG), meaning that the members of its Executive Board were also considered related parties in the previous year.

In addition to transactions with Group companies that are fully consolidated in the consolidated financial statements, there were the following transactions with related parties:

Consolidated income statement	2025/26	2024/25
	EUR million	EUR million
Revenue and income from customer financing	23	35
Financing expenses from factoring	–150	–149
Other operating income	5	13
Purchased goods and services	34	46
Personnel expenses	15	18
Other operating expenses	414	512
Net financial income (expense)	9	–5

Consolidated balance sheet	28.02.2026	28.02.2025
	EUR million	EUR million
Receivables from related parties	33	54
Cash and cash equivalents	2	3
Pension obligations to related parties	56	59
Liabilities to related parties	13	47

a Transactions with associated companies and joint ventures

Revenue and income from customer financing with associates and joint ventures totaled EUR 22 million in the 2025/26 financial year (2024/25: EUR 33 million) and result mainly from revenues from factoring settlements with Hanseatic Bank GmbH & Co KG, Hamburg, in the amount of EUR 5 million (2024/25: EUR 4 million) and revenue from Hermes Germany GmbH, Hamburg, in the amount of EUR 17 million (2024/25: EUR 27 million) up to the date of full consolidation. As of the second half of the 2023/24 financial year, factoring was carried out with Hanseatic Bank GmbH & Co KG via OTTO Payments GmbH, Hamburg, as a transaction partner. Financing costs from the factoring of the installment loan business are reported in this context. The income pertaining to the transaction and derived from customer financing is not shown with regard to associated companies but to the end customers. The net amount from these items is shown in the income from customer financing (see Note 6).

Other operating income from associates and joint ventures amounted to EUR 4 million in the 2025/26 financial year (2024/25: EUR 13 million) and results mainly from income in the amount of EUR 4 million (2024/25: EUR 8 million) with Hermes Germany GmbH.

Other operating expenses for the 2025/26 financial year in the amount of EUR 411 million (2024/25: EUR 512 million) include expenses of EUR 409 million (2024/25: EUR 481 million) from transactions with Hermes Germany GmbH.

Various Group companies in the Platforms and Retailers segments sell trade receivables to Hanseatic Bank GmbH & Co KG. The receivables are transferred under normal market conditions and are fully derecognized from the balance sheets of the Group companies selling the receivables. In the 2025/26 financial year, corresponding receivables were sold with a total value of EUR 2,335 million (2024/25: EUR 2,252 million). The value of these receivables as of the reporting date is EUR 1,902 million (28 February 2025: EUR 1,725 million). On 28 February 2026 cash and cash equivalents at Hanseatic Bank GmbH & Co KG amounted to EUR 2 million (28 February 2025: EUR 3 million).

Information regarding the amount of the receivables and liabilities from associated companies and joint ventures is set out in Notes 20 and 29. The receivables and liabilities result mainly from transactions in goods and services and from short-term financing between Group companies of the Otto Group and from associated companies and joint ventures.

b Related party transactions with shareholders

On 28 February 2026 and on 28 February 2025, no loans had been granted to shareholders of Otto GmbH & Co. KGaA.

c Related party transactions with other companies

Otto Group companies have concluded various agreements under normal market terms for the leasing of properties and land owned by subsidiaries of ECE Group GmbH & Co. KG, Hamburg.

On 28 February 2026, there were receivables from other related parties in the amount of EUR 17 million (28 February 2025: EUR 17 million). Receivables from other related parties mainly result from financial receivables.

d Related party transactions with individuals

In the 2025/26 financial year, the total remuneration of the Executive Board of Otto GmbH & Co. KGaA and Otto Verwaltungsgesellschaft mbH recognized as an expense for the financial year amounted to EUR 13.3 million (2024/25: EUR 12.1 million), with EUR 10.4 million (2024/25: EUR 12.2 million) due in the short term and EUR 2.8 million (2024/25: EUR –0.1 million) due in the long term as a result of an adjustment in the current financial year. The total remuneration of EUR 11.4 million granted during the 2025/26 financial year (2024/25: EUR 13.3 million) consists of variable remuneration elements with long-term incentives contingent on all conditions being met by the balance sheet date. EUR 4.3 million (2024/25: EUR 5.3 million) of it is attributable to fixed components and EUR 7.1 million (2024/25: EUR 8.0 million) to variable components. In the 2017/18 financial year, a long-term incentive agreement was concluded for directors of former Verwaltungsgesellschaft Otto mbH based on rolling annual tranches. Effective from 1 March 2018, each of the tranches comprises three financial years and consists of a combination of two variable elements. The elements are based on a fixed threshold value and then increase on a linear basis. The benchmarks are revenue and income from customer financing and the Otto Group’s return on capital employed (ROCE), which puts EBIT in relation to average capital employed. The change in remuneration recorded as an expense for the long-term incentive amounted to EUR 2.9 million in the reporting year (2024/25: EUR –0.2 million). On the balance sheet date, a liability totaling EUR 2.9 million (28 February 2025: EUR 1.0 million) was recognized for this.

Pension obligations to members of the Executive Board amount to EUR 9.7 million (28 February 2025: EUR 9.0 million). Allocations to pension provisions amount to EUR 0.8 million (2024/25: EUR 3.0 million).

Remuneration of former members of the Executive Board and their surviving dependents amounts to EUR 3.1 million (2024/25: EUR 3.1 million). EUR 45.9 million has been recognized as provisions for the pension obligations toward former members of the Executive Board and their surviving dependents (28 February 2025: EUR 50.0 million).

The total remuneration of the Supervisory Board of Otto GmbH & Co. KGaA in the 2025/26 financial year amounts to EUR 0.3 million (2024/25: EUR 0.02 million). The total remuneration of the Supervisory Board of Verwaltungsgesellschaft Otto mbH was EUR 0.3 million in the 2024/25 financial year.

The Shareholders' Council of Otto GmbH & Co. KGaA was granted remuneration of EUR 1.7 million in the 2025/26 financial year (2024/25: EUR 0.0 million) by Otto GmbH & Co. KGaA.

40 Contingent assets and contingent liabilities

The Otto Group's contingent liabilities are composed of guarantees and other obligations that, together, amount to EUR 2 million (28 February 2025: EUR 253 million). On 28 February 2025 , there was a financing obligation to Hermes Germany, Hamburg, which is no longer reported as a contingent liability due to the full consolidation in the 2025/26 financial year.

On 28 February 2025, the Otto Group had a contingent asset of EUR 8 million from the identification of a tax matter.

41 Auditors' fees

Total fees paid to Otto Group auditors are broken down as follows:

	2025/26	2024/25
	EUR million	EUR million
Fees for auditing the financial statements	3.0	3.1
Fees for other auditing services	0.5	1.0
Fees for tax consultancy services	1.1	0.9
Fees for other services	1.9	2.3
Auditors' fees	**6.5**	**7.3**

42 List of shareholdings

The list of Otto Group shareholdings on 28 February 2026, including those Group companies exempt from publishing their financial statements in accordance with the provisions of Section 264 (3) and Section 264b HGB is published on the Otto Group's website at www.ottogroup.com/konzerngesellschaften.

43 Executive bodies of Otto GmbH & Co. KGaA

The existing executive bodies of Otto GmbH & Co. KGaA are made up as follows:

Supervisory Board

Prof. Dr. Michael Otto, Hamburg	Honorary Chair of the Supervisory Board of the Otto Group, Entrepreneur
Alexander Birken, Hamburg	Chair, Businessman
Monika Vietheer-Grupe, Barsbüttel*	Vice Chair, since 1 July 2025, Chair of the Works Council bonprix Handelsgesellschaft mbH
Birgit Rössig, Hittbergen*	Vice Chair, until 30 June 2025, Member of the Works Council Otto GmbH & Co. KGaA
Frederic Arndts, Hamburg	Managing Director KG CURA Vermögensverwaltung G.m.b.H. & Co.
Jens Gerrit Becker, Hamburg*	Member of the Joint Works Council Hermes Germany GmbH
Sergio Bucher, Hamburg	Independent Management and Strategy Consultant, since 1 March 2026
Torsten Furgol, Magdeburg*	Regional Specialist ver.di Trade Union Saxony, Saxony-Anhalt, Thuringia
Oliver Grund, Heinsberg*	Chair of the General Works Council Hermes Germany GmbH
Dr. Rainer Hillebrand, Hamburg	Independent Management and Strategy Consultant
Dr. Nicolai Johannsen, Hamburg*	Vice President Consumer Interactions Otto GmbH & Co. KGaA, until 31 December 2025
Thomas Korn, Hamburg	Chief of Staff Benjamin Otto
Heike Lattekamp, Hamburg*	Vice Chair Regional Manager ver.di Trade Union Commerce Hamburg
Valerie Meise, Lübeck*	Division Manager Management & Tech Consulting, Otto Group one.O GmbH, since 1 January 2026
Frauke Mispagel, Hamburg	Management Consultant and Business Coach
Thomas Mort, Luhe-Wildenau*	Vice Chair of the Works Council Witt Group
Alexander Otto, Hamburg	Chair of the Executive Board ECE Group GmbH & Co. KG
Benjamin Otto, Hamburg	Entrepreneur, until 28 February 2026
Janina Lin Otto, Hamburg	Chair of the Holistic Foundation Board, since 1 March 2026
Sarah Reitemeyer, Bad Segeberg	Managing Director BPO Capital GmbH & Co. KG
Lars-Uwe Rieck, Grinau*	Regional Specialist ver.di Trade Union Post and Logistic Hamburg/North
Benjamin Schaper, Hamburg	Managing Director GFH Gesellschaft für Handelsbeteiligungen m.b.H.
Dirk Schmidt, Hamburg*	Chair of the Group Works Council Otto GmbH & Co. KGaA, since 1 July 2025
Dr. Winfried Steeger, Hamburg	Attorney, until 28 February 2026
Inka Wolff, Gutenswegen*	Member of the Works Council Hermes Fulfilment GmbH

* Employee representatives

Shareholders’ Council

Benjamin Otto, Hamburg	Chair, Entrepreneur, since 1 March 2026
Alexander Birken, Hamburg	Vice Chair, Businessman
Frederic Arndts, Hamburg	Managing Director KG CURA Vermögnesverwaltung G.m.b.H. & Co.
Marius Marschall von Bieberstein, Berlin	Managing Partner evoreal Holding GmbH & Co. KG
Florian Heinemann, Berlin	Managing Director, Project A Venturens Management GmbH, since 1 March 2026
Thomas Korn, Hamburg	Chief of Staff Benjamin Otto
Elisabeth L ’Orange, Hamburg	Equity Partner for AI & Data, Deloitte Consulting GmbH, since 1 March 2026
Alexander Otto, Hamburg	Chair of the Executive Board ECE Group GmbH & Co. KG
Prof. Dr. Michael Otto, Hamburg	Chair, Entrepreneur, until 28 February 2026
Benjamin Schaper, Hamburg	Managing Director GFH Gesellschaft für Handelsbeteiligungen m.b.H. since 1 March 2026

Executive Board of Otto Verwaltungsgesellschaft mbH

Petra Scharner-Wolff, Hamburg	Chief Executive Officer (CEO), Member of the Executive Board
Dr. Marcus Ackermann, Hamburg	Member of the Executive Board, Multichannel Distance Selling
Dr. Philipp Andrée, Hamburg	Member of the Executive Board, Brands and Retail, since 1 April 2026
Sergio Bucher, Hamburg	Member of the Executive Board, Brands and Retail, until 28 February 2026
Katy Roewer, Hamburg	Chief Financial Officer (CFO), Member of the Executive Board, Finance, Controlling, Human Resources
Mahbobeh Sabetnia, London	Member of the Executive Board, Technology and Retail, from 19 May 2025 to 30 November 2025
Kay Schiebur, Hamburg	Member of the Executive Board, Services

44 Events after the reporting period

No events of major significance to the Otto Group occurred after the balance sheet date of 28 February 2026.

Hamburg, 12 May 2026

Executive Board of Otto Verwaltungsgesellschaft mbH

Petra Scharner-Wolff

Dr. Marcus Ackermann

Dr. Philipp Andrée

Katy Roewer

Kay Schiebur

Independent Auditor's Report [1]

To Otto GmbH & Co. KGaA, Hamburg

Opinions

We have audited the consolidated financial statements of Otto GmbH & Co. KGaA, Hamburg, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 28 February 2026, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 March 2025 to 28 February 2026, and notes to the consolidated financial statements, including significant information on the accounting policies. In addition, we have audited the group management report of Otto GmbH & Co. KGaA for the financial year from 1 March 2025 to 28 February 2026.

In accordance with German legal requirements, we have not audited the content of those components of the group management report specified in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) (hereinafter referred to as "IFRS Accounting Standards") as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 28 February 2025, and of its financial performance for the financial year from 1 March 2025 to 28 February 2026, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of those components of the group management report specified in the "Other Information" section of the auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB and the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

[1] The English language text is a translation provided for information purposes only. The original German text shall prevail in the event of any discrepancies between the English translation and the German original. We do not accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may arise from the translation.

Other Information

Management and/or the Supervisory Board are/is responsible for the other information. The other information comprises the following components of the group management report, whose content was not audited:

- information extraneous to management reports and marked as unaudited.

The other information also includes the remaining parts of the annual report. The other information does not include the consolidated financial statements, the group management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management for the Consolidated Financial Statements and the Group Management Report

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control or of these arrangements and measures.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- Plan and perform the audit of the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business segments within the Group to provide a basis for our opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by management in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hamburg, 13 May 2026

KPMG AG
Wirtschaftsprüfungsgesellschaft

Heckert	Lippmann
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Independent Practitioners' Limited Assurance Report on Selected Disclosures on Greenhouse Gas Emissions [1]

To Otto GmbH & Co. KGaA, Hamburg

Limited Assurance Conclusion

We have performed a limited assurance engagement on the enclosed selected disclosures on greenhouse gas emissions, included in the chapter "Corporate responsibility", section "Sustainability" of the Group management report 2025/26 of Otto GmbH & Co. KGaA, Hamburg (hereinafter the "Company"), for the period from March 1, 2025 to February 28, 2026.

Those selected disclosures are marked with within the Group management report.

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the selected disclosures on greenhouse gas emissions for the period from March 1, 2025 to February 28, 2026 are not prepared, in all material respects, in accordance with the reporting criteria. The Company applies the criteria of the Science Based Targets Initiative (Corporate Net-Zero Standard Criteria, Version 1.2 with reference to the Corporate Accounting and Reporting Standard (Revised Edition) of the Greenhous Gas Protocol) in conjunction with internal guidelines (hereinafter "reporting criteria").

Our conclusion does not extend to any other information that accompanies or contains the selected disclosures on greenhouse gas emissions and is marked as unassured.

[1] Our engagement applied to the German version of the selected disclosures on greenhouse gas emissions for the period from March 1, 2025 to February 28, 2026. This text is a translation of the assurance report of the independent German Public Auditor issued in German language, whereas the German text is authoritative.

Basis for conclusion

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the International Standard on Assurance Engagements (ISAE) 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities are further described in the "Responsibility of the Assurance Practitioner for the Assurance Engagement on Selected Disclosures on Greenhouse Gas Emissions" section.

We are independent in accordance with the independence requirements of the German commercial and professional law and we have fulfilled our other German professional responsibilities in accordance with these requirements.

Our firm applies the IDW Standard on Quality Management: Requirements for Quality Management in Audit Firms (IDW QMS 1 (09.2022)), issued by the Institute of Public Auditors in Germany. This standard requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of Management for the Selected Disclosures on Greenhouse Gas Emissions

The Management of Otto GmbH & Co. KGaA, Hamburg is responsible for:

- designing, implementing and maintaining internal control relevant to the preparation of the selected disclosures on greenhouse gas emissions such that they are free from material misstatement, whether due to fraud or error;
- selecting or developing suitable criteria for preparing the selected disclosures on greenhouse gas emissions and appropriately referring to or describing as well as disclosure of the criteria used; and
- preparing the selected disclosures on greenhouse gas emissions in accordance with the reporting criteria.

Inherent Limitations in Preparing the Selected Disclosures on Greenhouse Gas Emissions

GHG emissions quantification is unavoidably subject to significant inherent limitations, because of incomplete scientific knowledge used to determine emissions factors and limitations inherent in the nature of and methods used for determining emissions data. The selection by management of different but acceptable emissions factors or measurement techniques could have resulted in materially different GHG emissions being reported.

These inherent limitations also apply to our assurance engagement on the selected disclosures on greenhouse gas emissions.

Responsibility of the Assurance Practitioner for the Assurance Engagement on Selected Disclosures on Greenhouse Gas Emissions

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the selected disclosures on greenhouse gas emissions are free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our limited assurance conclusion on the selected disclosures on greenhouse gas emissions to Otto GmbH & Co. KGaA, Hamburg.

Summary of the work we performed as the basis for our conclusion

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the selected disclosures on greenhouse gas emissions that is sufficient and appropriate to provide a basis for our conclusion.

Our procedures selected depended on our understanding of the selected disclosures on greenhouse gas emissions and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. In carrying out our engagement, the procedures we perform also consist of:

- Evaluation of the methods and processes used to assess material aspects and corresponding reporting boundaries.
- A risk analysis, including media research, to identify relevant information on the sustainability performance of Otto GmbH & Co. KGaA, in particular aspects regarding the emissions in the reporting period.
- Evaluation of the design and implementation of systems and processes for the identification, collection and validation of the selected disclosures on greenhouse gas emissions (Scope 1, Scope 2 and material Scope 3 emissions and supplier engagement), including the consolidation of data.
- Inspection of selected internal and external documents.
- Analytical procedures for the evaluation of consolidated data and trends reported by all sites.
- Evaluation of the data collection, validation and reporting processes as well as the reliability of the reported data based on a sample of one site (physical site visit).
- Assessment of the overall presentation of the selected disclosures on greenhouse gas emissions within the scope of our engagement.

Restriction of Use/General Engagement Terms

This assurance report is solely addressed to Otto GmbH & Co. KGaA.

The engagement, in the performance of which we have provided the services described above on behalf of Otto GmbH & Co. KGaA, was carried out on the basis of the General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüferinnen, Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) dated as of January 1, 2024 (www.kpmg.de/AAB_2024_EN). By taking note of and using the information as contained in our report each recipient confirms to have taken note of the terms and conditions stipulated in the aforementioned General Engagement Terms (including the liability limitations specified in item No. 9 included therein) and acknowledges their validity in relation to us.

Hamburg, 13 May 2026

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Edelmann	Dr. Gastone
Wirtschaftsprüferin	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Legal notice

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