

Successful fiscal year for the companies of Schwarz Group in challenging economic times

- Revenue growth of 8.5% year on year across the entire group
- Efficient process and cost management ensures attractive prices despite inflation
- Production companies of Schwarz Group expand their business fields
- Formation of IT and digital division Schwarz Digits

Neckarsulm, May 23, 2024 – The companies of Schwarz Group had a successful fiscal year, generating revenue of 167.2 billion euros across all business units (revenue up 8.5%). Higher prices due to inflation, improved processes and further digitalization made it possible to generate additional revenue with the same number of employees (575,000).

The higher purchase prices, in particular for merchandise, raw materials, energy and transport, as well as higher interest rates, were partially absorbed thanks to efficient process and cost management. The focus on pricing and design of the product range meant that customers of Lidl and Kaufland could count on the same attractive prices as always, despite inflation. The number of stores rose by some 200 to roughly 13,900.

Lidl generated revenue of 125.5 billion euros at its stores, up 9.4% year on year. At **Kaufland**, revenue rose by 7.8% to 34.2 billion euros. **Online** revenue totaled 1.7 billion euros (down 9.4%), which put it level with the figure for fiscal year 2021. This decline was in line with market developments for online shops in Germany following a phase of very high revenue fueled by the pandemic.

PreZero had good news to report when it came to market development, with a significant year-on-year increase in the number of municipalities turning to Schwarz Group's environmental division for waste disposal services. However, falling prices in some of the markets for recyclable materials caused revenue to decline by 5.9% year on year to 3.7 billion euros. PreZero is one of Germany's leading environmental service providers, supporting businesses as they transition to a recyclable future and reduce their carbon emissions, the "carbon footprint" and other relevant environmental impacts.

The **production companies** of Schwarz Group supplied goods worth approximately 4.2 billion euros, largely to Lidl and Kaufland, resulting in a revenue increase of 26% year on year. This result was due primarily to the growth at Schwarz Produktion and the expansion to include the coffee, pasta and paper product groups. In addition, the beverage plant in Derby (United Kingdom) successfully commenced operations, marking Schwarz Produktion's first location outside of its home market.

The **Schwarz Digits** division was formed in fiscal year 2023 to address the strategic importance of digital infrastructure, cybersecurity and artificial intelligence (AI). The IT and digital division offers its products and services to both companies of Schwarz Group and external clients. It generated revenue of 1.9 billion euros. The companies of Schwarz Group acquired an equity interest in Aleph Alpha, Germany's leading AI developer, in order to incorporate technical innovations and expand their position as a leading global retail group. An investment was also made in Wire and its secure and reliable communications solution.

The investments amounted to approximately 8 billion euros in fiscal year 2023, with a particular focus on modernizing and expanding stores, new warehouse locations, and securing supply chains.

"This stable fiscal year 2023 reflects first and foremost our operational excellence across all fields of business and the impressive commitment of our employees," said Gerd Chrzanowski, General Partner of Schwarz Group. "We solidified our position in difficult economic times and continued on our growth trajectory. That was achieved because we are a unique ecosystem that covers the entire value chain".

The reporting date is February 29, 2024. The aggregate total revenue includes all revenue items under German commercial law.

Further information

Further information can be found at www.gruppe.schwarz.

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