

HALF-YEAR FINANCIAL REPORT  
HORNBAACH Holding AG & Co. KGaA  
Group

H1

2021/22

(MARCH 1 – AUGUST 31, 2021)

# HORNBACH HOLDING AG & CO. KGaA GROUP

## Half-Year Financial Report 2021/22 (March 1 – August 31, 2021)

Key Figures of the HORNBACH HOLDING AG & Co. KGaA Group (in € million, unless otherwise stated)	2 <sup>nd</sup> Quarter 2021/22	2 <sup>nd</sup> Quarter 2020/21	Change in %	1 <sup>st</sup> Half 2021/22	1 <sup>st</sup> Half 2020/21	Change in %
<b>Net sales</b>	<b>1,614.3</b>	<b>1,555.1</b>	<b>3.8</b>	<b>3,292.4</b>	<b>3,132.2</b>	<b>5.1</b>
of which: in Germany	867.0	844.6	2.7	1,781.4	1,736.0	2.6
of which: in other European countries	747.3	710.6	5.2	1,511.0	1,396.2	8.2
Like-for-like sales growth (DIY)	2.5%	21.4%		3.4%	19.4%	
Gross margin as % of net sales	35.4%	35.2%		35.4%	35.6%	
EBITDA	218.3	209.2	4.3	435.7	429.0	1.6
<b>EBIT</b>	<b>168.1</b>	<b>162.2</b>	<b>3.6</b>	<b>337.2</b>	<b>335.6</b>	<b>0.5</b>
<b>Adjusted EBIT</b>	<b>168.1</b>	<b>161.9</b>	<b>3.8</b>	<b>337.2</b>	<b>334.7</b>	<b>0.7</b>
Consolidated earnings before taxes	155.4	150.3	3.4	312.9	313.5	(0.2)
Consolidated net income <sup>1)</sup>	118.4	112.0	5.7	236.4	235.0	0.6
Basic/diluted earnings per share (€)	5.85	5.51	6.2	11.69	11.57	1.0
Investments	101.9	37.5	>100	156.9	64.7	>100

Misc. key figures of the HORNBACH HOLDING AG & Co. KGaA Group (in € million, unless otherwise stated)	August 31, 2021	February 28, 2021	Change in %
Total assets	4,233.9	4,007.9	5.6
Shareholders' equity	1,977.1	1,772.0	11.6
Shareholders' equity as % of total assets	46.7%	44.2%	
Number of employees	24,285	23,279	4.3

Rounding up or down may lead to discrepancies between percentages and totals. Calculation of percentage figures based on € 000s.

<sup>1)</sup> Including minority interests pursuant to IFRS

## Summary

### Profitable growth trend continues: Sales and earnings in first half of 2021/22 exceed previous year's record levels

- Customer demand for construction and DIY projects still high despite unsettled summer weather and greater travel activity
- Driven by solid performance in home market and further sales growth in other European countries, HORNBACH Group increases its sales by 3.8 % in second quarter (Q2) – sales up 5.1 % to € 3.3 billion in first half (H1) of 2021/22
  - HORNBACH Baumarkt AG subgroup boosts like-for-like sales by 3.4% in H1 – Germany plus 0.7 %, other European countries plus 6.4 % – online sales rise 48.4 % to € 593 million – online sales now account for 19.2 % of total sales
  - HORNBACH Baustoff Union GmbH subgroup increases first-half sales by 13.2 % and doubles EBIT
- Adjusted EBIT of the HORNBACH Group grows in Q2 and, at € 337.2 million in H1, exceeds previous year's record
- Profitability stable in half-year period: At 10.2 %, adjusted EBIT margin still significantly higher than pre-pandemic level (7.6 %) and only slightly below previous year's high figure (2020/21: 10.7%)
- Full-year forecast for 2021/22 confirmed and specified in greater detail: Sales and adjusted EBIT expected to reach upper third of forecast range

The HORNBACH Group upheld its positive business performance in the second quarter of 2021/22 (June 1 to August 31, 2021). Customer demand for construction and DIY projects remained high in the summer months, and that although weather conditions were highly unsettled and consumers began to travel far more widely again. Consolidated sales in the second quarter of 2021/22 (Q2) exceeded the record figure reported for the previous year's quarter by 3.8%, having already risen by 6.4% in the first three months of the 2021/22 financial year. Sales for the first half therefore grew by 5.1% to € 3,292.4 million (2020/21: € 3,132.2 million).

The HORNBACH Baumarkt AG subgroup (DIY retail) benefited from solid growth in its home market (plus 1.5%) and a marked rise in sales in other European countries (plus 8.2%) and thus increased its sales by 4.6% to € 3,085.2 million in the first half of 2021/22 (2020/21: € 2,949.0 million) following growth of 3.6% in Q2. On a like-for-like basis and net of currency items, the subgroup's DIY sales rose by 3.4% in the first half of 2021/22. With its retail activities in Germany, the subgroup generated moderate like-for-like growth of 0.7% in the first six months of 2021/22, building on the record figure of 24.3% in the previous year, and gained further market share. In other European countries, like-for-like sales net of currency items showed further growth of 6.4% in the half-year period (2020/21: 14.4%). The online DIY business (interconnected retail; ICR) increased its sales by 48.4% to € 593 million in the first six months of the financial year and thus accounted for a 19.2% share of the subgroup's sales (2020/21: 13.6%).

The HORNBACH Baustoff Union subgroup increased its sales by 13.2% to € 206.5 million and thus contributed to the HORNBACH Group's continued strong sales and earnings performance in the first half of 2021/22.

The HORNBACH Group's operating earnings adjusted to exclude non-operating earnings items (adjusted EBIT) grew by 3.8% to € 168.1 million in the second quarter of 2021/22 (2020/21: € 161.9 million) and, at € 337.2 million in the first half of 2021/22, further exceeded the previous year's record (€ 334.7 million). The adjusted EBIT margin stood at 10.2% in the first half of 2021/22 (2020/21: 10.7%) and was thus consistently well ahead of the figure for the pre-pandemic first half of 2019/20 (7.6%). Six-month earnings per Baumarkt share are reported at € 11.69 (2020/21: € 11.57).

The forecast for the HORNBACH Group for the 2021/22 financial year has been confirmed and specified in greater detail. Sales growth is expected in the upper third of the forecast range of 1% to 5%. With regard to the earnings forecast, the Board of Management currently expects adjusted consolidated operating earnings (adjusted EBIT) to reach the upper third of the forecast corridor of € 290 million to € 326 million and thus, as previously forecast, to fall slightly short of the record figure reported for the 2020/21 financial year (€ 326.4 million).

## Macroeconomic and Sector-Specific Framework

The first quarter of the 2021 calendar year was marked by large numbers of coronavirus infections and the accompanying measures and restrictions in the retail sector. These had a significantly negative impact on private consumer spending in particular. Compared with the first quarter of the previous year, **gross domestic product** in the European Union (EU 27) and the euro area (EA 19) fell by 1.2%. Growth gained momentum in the second quarter as ever more restrictions were lifted. The EU 27 countries achieved year-on-year growth of 13.8%, while the EA 19 countries posted GDP growth of 14.3%.

Adjusted for calendar-related factors, **output in the construction industry** rose year-on-year by 2.2% in the EU 27 and by 3.0% in the EA 19 in the first quarter of 2021 and by 14.0% and 16.5% in the second quarter.

As in the previous year, **retail activities** in the regions in which HORNBACH operates were affected to differing extents by restrictions on sales. Retail sales (excluding motor vehicle retail) adjusted for calendar-related factors rose year-on-year by 2.5% in the EU 27 and 2.4% in the EA 19 countries in the first quarter of 2021. In the second quarter, the retail sector reported growth of 11.8% (EU 27) and 11.7% (EA 19). According to GfK figures, gross DIY retail sales for the first half of the 2021 calendar year

fell year-on-year by 15.2% in Germany and by 24.7% in the Netherlands. Both countries were affected far less severely by restrictions on sales in the previous year's period than in the current year. By contrast, gross sales grew by 8.3% in Austria, by 17.9% (in local currency) in Switzerland, and by 1.9% in the Czech Republic.

#### GDP growth rates in countries with HORNBACH DIY stores and garden centers (calendar year)

Percentage change on previous quarter Source: Eurostat (calendar year figures)	3 <sup>rd</sup> Quarter 2020	4 <sup>th</sup> Quarter 2020	1 <sup>st</sup> Quarter 2021	2 <sup>nd</sup> Quarter 2021
<b>Germany</b>	<b>9.0</b>	<b>0.7</b>	<b>(2.0)</b>	<b>1.6</b>
Austria	11.0	(2.5)	(0.2)	3.6
Czech Republic	6.8	0.7	(0.4)	1.0
Luxembourg	9.2	1.9	1.4	n/a
Netherlands	7.5	0.0	(0.8)	3.1
Romania	4.8	4.0	2.5	1.8
Slovakia	9.0	0.5	(1.4)	2.0
Sweden	7.5	0.2	0.8	0.9
Switzerland	6.4	(0.1)	(0.4)	1.8
<b>Euro area (EA 19)</b>	<b>12.4</b>	<b>(0.6)</b>	<b>(0.3)</b>	<b>2.2</b>
<b>EU27</b>	<b>11.6</b>	<b>(0.4)</b>	<b>(0.1)</b>	<b>2.1</b>

In Germany, GDP adjusted for price and calendar-related factors fell year-on-year by 3.1% in the first quarter of the calendar year, while economic output grew by 9.4% in the second quarter of 2021. Thanks to the increasing lifting of pandemic-related restrictions, consumer spending rose significantly in the second quarter of 2021 compared with the beginning of the year. Year-on-year, private consumer spending fell by 9.1% in the first quarter and then rose by 6.0% in the second quarter. Construction investments, which had fallen by 2.1% in the first quarter, showed a year-on-year increase of 2.9% in the second quarter. According to Destatis, the number of building permits issued for residential units in Germany rose year-on-year by 7.7% in the first half of the 2021 calendar year. New orders for the main construction trade grew by 4.8% in the first half, while sales fell year-on-year by 2.2%. Sales in the finishing trade increased by 3.3% in the first half of 2021. Developments in the construction industry were partly held back by availability issues and rising prices for construction materials such as timber, steel, and insulation materials.

The German **retail sector** reported year-on-year price-adjusted growth of 1.6% and nominal sales growth of 3.2% in the first half of the 2021 calendar year. Internet and mail order sales grew by 26.1%.

#### Sales at DIY and home improvement stores in Germany (calendar year)

Source: GfK Total Store Report Deutschland	1 <sup>st</sup> Half 2019	1 <sup>st</sup> Half 2020	1 <sup>st</sup> Quarter 2021	2 <sup>nd</sup> Quarter 2021	1 <sup>st</sup> Half 2021
Gross sales (€ billion)	10.22	11.82	3.45	6.58	10.03
Nominal year-on-year change (%)	4.6	15.6	(21.3)	(11.6)	(15.2)
Like-for-like year-on-year change (%)	4.4	16.0	(22.3)	(12.1)	(15.9)

According to the BHB sector association, the German **DIY retail sector** witnessed a year-on-year decline in aggregate gross nominal sales by 15.2% to € 10.03 billion in the first half of the 2021 calendar year. This was due above all to the period of lockdowns, which lasted until June 6, as well as to unfavorable weather conditions. The sector was thus roughly at the same level as in the first half of 2019 prior to the pandemic, a period in which underlying conditions for DIY retail were significantly better than in the first half of the 2021 calendar year. On a like-for-like basis, i.e. excluding stores newly opened, closed, or subject to major conversion measures, sales in the sector fell by 15.9% in the period from January to June 2021.

## Earnings, Financial, and Asset Position

### Impact of the coronavirus pandemic on the DIY retail business

On average, only around half HORNBAACH's DIY stores and garden centers were fully open to private customers in the first quarter (March 1 to May 31, 2021), leading demand to shift to the online shops and click & collect. On June 7, 2021, all HORNBAACH stores in Germany were able to open without restriction once again. In other European countries, all stores have been operating normally since May 10, 2021. In the second quarter (June 1 to August 31, 2021), the DIY retail business was therefore only marginally affected by restrictions on sales.

Private customers at the builders' merchant outlets operated by the HORNBAACH Baustoff Union GmbH subgroup were also subject to the same restrictions on stationary sales as DIY retail customers through to June 6, 2021. However, this factor was not of material significance for the HORNBAACH Group's business performance.

### Seasonal and calendar-related factors

#### Impact of weather conditions

Overall, in large parts of the countries in which HORNBAACH operates the spring and summer months offered less favorable weather conditions for implementing projects at home and in the garden than in the previous year, with lower temperatures, little sunshine, and large volumes of precipitation. In July, severe regional storms led to disastrous flooding in parts of Germany, the Netherlands, Austria, and Luxembourg. No HORNBAACH locations were directly hit, but the company assisted those affected in the flood regions by offering price discounts and by donating cash and materials.

#### Number of business days

There was an average of 1.5 business days more in the first half of the 2021/22 financial year (March 1 to August 31, 2021) than in the equivalent period in the previous year. The arithmetic calendar-related impact at the Group came to plus 0.6 business days in Q1 and plus 1.0 business days in Q2. As many of our stores were severely restricted due to the coronavirus crisis, but not closed entirely, the number of business days has not been adjusted to account for the impact of the pandemic.

## Sales Performance of the HORNBAACH Group

The HORNBAACH Holding AG & Co. KGaA Group (HORNBAACH Group) comprises the HORNBAACH Baumarkt AG, HORNBAACH Baustoff Union GmbH, and HORNBAACH Immobilien AG subgroups.

Sales at the HORNBAACH Group rose by 3.8% to € 1,614.3 million (2020/21: € 1,555.1 million) in the second quarter of the 2021/22 financial year (June 1 to August 31, 2021) and by 5.1% to € 3,292.4 million in the first six months (2020/21: € 3,132.2 million).

### HORNBAACH Baumarkt AG subgroup

#### Development in HORNBAACH's store network

Two new DIY stores and garden centers were opened in the second quarter of 2021/22, namely in Trollhättan (Sweden) and in Cluj (Romania). As of August 31, 2021, the HORNBAACH Baumarkt AG subgroup therefore operated 165 retail outlets with total sales areas of 1.94 million m<sup>2</sup>, of which 98 locations in Germany and 67 in other European countries.

#### Sales performance in 2<sup>nd</sup> quarter of 2021/22

Sales at the HORNBAACH Baumarkt AG subgroup rose by 3.6 % to € 1,509.4 million in the period from June 1 to August 31, 2021 (2020/21: € 1,456.8 million). In the Germany region, which was still affected through to June 6, 2021 by restrictions on stationary sales, net sales increased by 2.2 % to € 764.8 million (2020/21: € 748.6 million). Net sales in the Other European Countries region grew year-on-year by 5.1 % to € 744.6 million (2020/21: € 708.2 million).

**Like-for-like sales net of currency items** [→ **Brief Glossary** on Page 12] rose by 2.5 % in the second quarter of 2021/22 (2020/21: 21.4 %). This is roughly consistent with the long-term average for the years 2000/01 to 2019/20 (2.7 %). Including currency items for non-euro countries, namely the Czech Republic, Romania, Sweden, and Switzerland, subgroup-wide like-for-like sales improved by a further 2.7 % in Q2 2021/22. Like-for-like sales in Germany rose by 1.7 % in the second quarter of 2021/22 (2020/21: 24.1 %). In other European countries, like-for-like sales grew by 3.4 % (2020/21: 18.6 %) and by 3.7 % when currency items are included (2020/21: 18.8 %).

#### **Like-for-like sales performance of HORNBACH DIY stores and garden centers (DIY) <sup>1)</sup>**

(in percent)

2021/22 financial year 2020/21 financial year	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Half
<b>HORNBACH Baumarkt AG subgroup</b>	<b>4.3</b>	<b>2.5</b>	<b>3.4</b>
	17.5	21.4	19.4
<b>Germany</b>	<b>(0.1)</b>	<b>1.7</b>	<b>0.7</b>
	24.4	24.1	24.3
<b>Other European countries</b>	<b>9.5</b>	<b>3.4</b>	<b>6.4</b>
	10.3	18.6	14.4

<sup>1)</sup> Excluding currency items

#### **Sales performance in 1<sup>st</sup> half of 2021/22**

Sales at the HORNBACH Baumarkt AG subgroup grew by 4.6 % to € 3,085.2 million in the period under report from March 1 to August 31, 2021 (2020/21: € 2,949.0 million). Net sales in Germany showed cumulative growth of 1.5 % to € 1,579.7 million (2020/21: € 1,557.0 million). In other European countries, the subgroup increased its first-half sales by 8.2 % to € 1,505.5 million (2020/21: € 1,391.9 million). As a result, the international share of sales increased from 47.2 % to 48.8 %. On a like-for-like basis, the subgroup's consolidated sales in the first half of the year improved by 3.4 % excluding currency items (2020/21: 19.4 %) and by 3.6 % including currency items. Sales in our online business (including click & collect) surged by 48.4 % to € 593 million in the first half of 2021/22 and, based on rolling twelve-month sales of € 1.05 billion, accounted for a 20.0 % share of the subgroup's consolidated sales (2020/21: 11.8 %).

- In the **Germany region**, the subgroup generated like-for-like sales growth of 0.7 % in the first half of 2021/22 (2020/21: plus 24.3 %). Based on our calculations, this means we significantly outperformed the sector average and gained additional market share. According to the data published by the BHB sector association for the first half of the 2021 calendar year (January 1 to June 30), the subgroup outperformed the sector by more than 13 percentage points and massively extended its lead over the competition, particularly during the difficult pandemic-related conditions in the months of January and February, as well as April and May 2021. Among other aspects, this shows that, thanks to its ICR strategy in conjunction with its store and logistics infrastructure, HORNBACH was better able to satisfy customer demand than many of its competitors. Sales in the 2021/22 financial year to date have even exceeded the record previous year's figures; we see this as providing confirmation that, since the onset of the coronavirus pandemic, consumers have a sustainably greater need for construction and DIY products.

The pleasing business performance in the period under report also reflects our popularity with DIY and home improvement customers. As in previous years, in 2021 HORNBACH was once again ranked first for "Overall satisfaction" in Kundenmonitor Deutschland, the most prestigious consumer survey in the German retail sector. Customers also awarded us the best marks in major individual criteria, such as "Value for money", "Product range selection and diversity", "Merchandise and product quality", "Private label quality", "Services offered", and in all criteria relating to the website and the online shop. German DIY store customers also see HORNBACH as having the edge over its competitors in criteria including "Product range", "Prices", "Specialist advice", and "Service".

- In the **Other European Countries region**, where we pool our retail activities in eight countries outside Germany, like-for-like sales for the first half of 2021/22 rose by 6.4 % net of currency items (2020/21: 14.4 %) and by 6.8 % including currency items. In most countries, our stores managed in the period under report to exceed the significantly higher level of sales already reported in the previous year. HORNBAACH further extended its market position in key country markets. Based on the DIY sales indicators available to us upon the completion of this financial report for Austria, the Czech Republic, the Netherlands, and Switzerland, HORNBAACH's growth rates in the period from January to July 2021 were in most cases significantly higher than the sector averages.

### HORNBAACH Baustoff Union GmbH subgroup

The HORNBAACH Baustoff Union GmbH (HBU) subgroup, which focuses on the needs of professional customers in its key target groups in the main construction and subconstruction trades, as well as on private construction clients, operated a total of 34 builders' merchant outlets in south-western Germany and at two locations close to the border in France (Lorraine) as of August 31, 2021. No new locations were added in the first half of the financial year.

The HBU subgroup generated year-on-year growth of 6.8 % in the second quarter of 2021/22, with sales rising to € 104.6 million (2020/21: € 97.9 million). On a cumulative basis for the six months, the HORNBAACH Baustoff Union GmbH subgroup increased its net sales by 13.2 % to € 206.5 million (2020/21: € 182.4 million).

## Earnings Performance

The following information refers to the earnings performance of the overall HORNBAACH Holding AG & Co. KGaA Group.

### 2<sup>nd</sup> quarter of 2021/22

The HORNBAACH Group's key earnings figures (earnings) in the summer quarter of 2021/22 were slightly ahead of the previous year's record results. This was mainly due to the further rise in like-for-like sales on an already high level in conjunction with a stable gross margin and a year-on-year improvement in the store expense ratio. Key data on the earnings performance in the second quarter of 2021/22 are as follows:

- Gross profit rose by 4.2 % to € 570.7 million in the quarter under report (2020/21: € 548.0 million). The **gross margin**, i.e. gross profit as a percentage of net sales [↪ **Brief Glossary** on Page 13], increased from 35.2 % to 35.4 %.
- **Selling and store expenses** grew slightly less rapidly than sales, rising by 2.8 % to € 341.6 million (2020/21: € 332.2 million). Including bonuses, personnel expenses were at around the previous year's level. Earnings were held back, on the other hand, by base effects in marketing and general operating expenses: Upon the onset of the coronavirus pandemic, in the past year we significantly scaled back expenses for store maintenance and modernization measures, for example, as well as advertising expenses. As the 2021/22 financial year has progressed, by contrast, we have caught up with numerous previously postponed activities or returned to normal cost levels to further safeguard the attractiveness of our stores for customers. The store expense ratio [↪ **Brief Glossary** on Page 13] eased from 21.4 % to 21.2 %. Given increased expansion activities and new store openings in the period under report (previous year's quarter: no new store openings), **pre-opening expenses** rose significantly from € 1.1 million to € 4.2 million in the second quarter of 2021/22, leading the pre-opening expense ratio [↪ **Brief Glossary** on Page 13] to increase from 0.1 % to 0.3 %. Due in particular to material costs returning to normal levels, **general and administration expenses** increased by 8.3 % to € 59.9 million (2020/21: € 55.3 million). The administration expense ratio [↪ **Brief Glossary** on Page 13] rose slightly from 3.6 % to 3.7 %.
- Earnings before interest, taxes, depreciation, and amortization (**EBITDA**) [↪ **Brief Glossary** on Page 12] rose by 4.3 % to € 218.3 million in the second quarter of 2021/22 (2020/21: € 209.2 million).
- The HORNBAACH Group's operating earnings (**EBIT**) rose by 3.6 % to € 168.1 million (2020/21: € 162.2 million). There were no non-operating earnings items in the second quarter of 2021/22. In the previous year's quarter, non-operating income of

€ 0.3 million was reported at the HORNBACH Baustoff Union subgroup. At € 168.1 million, **adjusted EBIT** [↪ **Brief Glossary** on Page 12] therefore corresponds to EBIT in the quarter under report (2020/21: € 161.9 million). As in the previous year, the adjusted EBIT margin amounted to 10.4%.

- **Net financial expenses** decreased from minus € 11.9 million to minus € 12.6 million. Earnings were mainly reduced in this respect by the change in currency items from minus € 1.2 million to minus € 1.9 million.
- Consolidated earnings before taxes (**EBT**) [↪ **Brief Glossary** on Page 12] grew year-on-year by 3.4% to € 155.4 million (2020/21: € 150.3 million).
- Based on a tax rate of 23.8% (2020/21: 25.4%), **consolidated net income** increased by 5.7% to € 118.4 million (2020/21: € 112.0 million). Second-quarter **earnings per share** rose from € 5.51 to € 5.85 (plus 6.2%).

### 1<sup>st</sup> half of 2021/22

Thanks to the strong sales performance and earnings growth in the second quarter, the key earnings figures of the HORNBACH Group for the first half of the year (March 1 to August 31, 2021) exceeded the record figures posted for the previous year's period. Key data on the earnings performance in the first half of 2021/22 are as follows:

- Gross profit rose by 4.7% to € 1,166.7 million (2020/21: € 1,114.5 million). The **gross margin** eased slightly from 35.6% to 35.4%. We largely succeeded in offsetting the increase in procurement prices due in particular to raw material shortages, pandemic-related effects, and temporary disruptions in international production and supply chains with higher retail prices. We drew here on the rise in market prices throughout the sector while maintaining our price leadership.
- Chiefly due to the additional expenses incurred due to the lockdown in the first quarter, **selling and store expenses** grew slightly faster than sales, rising by 5.9% to € 707.6 million (2020/21: € 688.4 million). The store expense ratio increased slightly from 21.3% to 21.5%. **Pre-opening expenses** stood at € 6.9 million (2020/21: € 1.5 million). **General and administration expenses** rose by 5.9% to € 121.8 million (2020/21: € 115.1 million). As in the previous year, the administration expense ratio amounted to 3.7%.
- **EBITDA** rose by 1.6% to € 435.7 million (2020/21: € 429.0 million).
- The HORNBACH Group's **EBIT** for the first six months of 2021/22 improved by 0.5% to € 337.2 million (2020/21: € 335.6 million). **Adjusted EBIT**, i.e. EBIT excluding non-operating earnings items, rose by 0.7% to € 337.2 million (2020/21: € 334.7 million). The adjusted EBIT margin amounted to 10.2% (2020/21: 10.7%).
- **Net financial expenses** decreased from minus € 22.1 million to minus € 24.3 million. Earnings were mainly reduced in this respect by the change in currency items from minus € 0.8 million to minus € 2.6 million. Net interest expenses also decreased slightly.
- At € 312.9 million, **EBT** almost matched the previous year's figure (2020/21: € 313.5 million). The tax rate eased slightly from 25.0% to 24.4%. **Consolidated net income** including minority interests increased by 0.6% to € 236.4 million (2020/21: € 235.0 million). **Earnings per share** are reported at € 11.69 for the first half of 2021/22 (2020/21: € 11.57).

### Earnings performance in the first half of 2021/22 by segment

At € 304.3 million in the first six months of 2021/22, operating earnings (EBIT) at the **HORNBACH Baumarkt AG subgroup** almost matched the previous year's figure (2020/21: € 307.0 million). As in the previous year, no non-operating earnings items arose in the first half of 2021/22. Adjusted EBIT therefore corresponds to EBIT. The adjusted EBIT margin decreased from 10.4% in the previous year's period to 9.9%.

EBIT at the **HORNBACH Baustoff Union GmbH subgroup** rose to € 12.6 million (2020/21: € 6.0 million). Earnings were positively affected by the subgroup's strong sales growth, an improvement in the gross margin, and the fact that store and administration expenses grew less rapidly than sales. No non-operating earnings items arose in the first half (2020/21: non-operating income of € 0.3 million). The subgroup's adjusted EBIT therefore rose from € 5.7 million to € 12.6 million.

At the **HORNBACH Immobilien AG subgroup**, half-year EBIT fell by 2.9% to € 29.1 million (2020/21: € 30.0 million). There were no non-operating earnings items in the half-year period (2020/21: non-operating income of € 0.6 million). At € 29.1 million, adjusted EBIT almost matched the previous year's figure (€ 29.4 million).

## Financial and Asset Position

### Financial position

The **cash flow from operating activities** fell from € 510.0 million to € 374.3 million in the first half of 2021/22. This was primarily due to the significantly lower inflow of funds from changes in working capital, which dropped from € 179.1 million to € 32.9 million. In the first six months of the previous 2020/21 financial year, trade payables and other liabilities had risen by € 142.0 million, a development chiefly due to the pandemic-related boom in orders from suppliers. Moreover, there was also an increase in liabilities for higher employee bonus payments. By contrast, in the first half of 2021/22 supplier liabilities were settled earlier than in the past to avoid negative interest rates. Furthermore, liabilities also decreased on account of the lower volume of bonuses than in the previous year. In the period under report, changes in trade payables and other liabilities led to an inflow of funds amounting to € 4.4 million. The cash flow from operating activities for the first half of the year includes depreciation of € 49.5 million recognized on right-of-use assets (2020/21: € 45.5 million).

The **outflow of funds for investment activities** increased from minus € 60.9 million to minus € 155.1 million. Largely due to the Group's expansion, **investments** in land and buildings, plant and office equipment at new and existing stores, and intangible assets (mainly software) rose from € 64.7 million to € 97.0 million in the first half of 2021/22. Of this total, around 59% was channeled into land and buildings. Furthermore, to avoid negative interest rates liquidity of € 60 million was invested in short-term securities and cash investments in the period under report (2020/21: € 0.0 million).

The **outflow of funds for financing activities**, which totaled € 142.6 million (2020/21: € 77.0 million), includes dividend payments of € 38.8 million (2020/21: € 29.1 million), incoming payments of € 70.0 million from the taking up of financial loans (2020/21: € 0.0 million), and outgoing payments of € 122.7 million for the redemption of financial loans (2020/21: € 6.1 million). Outflows for repayments of current and non-current lease liabilities amounted to € 51.1 million (2020/21: € 42.6 million). Information about the financing and investing activities of the HORNBACH Baumarkt AG Group can be found in the cash flow statement on Page 17.

### Asset position

Total assets at the HORNBACH Group grew to € 4,233.9 million as of August 31, 2021, up 5.6% compared with the balance sheet date on February 28, 2021. The principal reason for this growth was the increase in cash and cash equivalents and in current financial assets, as well as the expansion-related increase in property, plant and equipment and right-of-use assets. Shareholders' equity as posted in the balance sheet amounted to € 1,977.1 million as of August 31, 2021 (February 28, 2021: € 1,772.0 million). At 46.7%, the **equity ratio** [↪ **Brief Glossary** on Page 13] remained high (February 28, 2021: 44.2%). **Net financial debt** [↪ **Brief Glossary** on Page 13] fell from € 1,084.8 million to € 962.2 million as of August 31, 2021. Excluding current and non-current lease liabilities pursuant to IFRS 16, net financial debt decreased to € 112.5 million as of August 31, 2021 (February 28, 2021: € 294.8 million).

## Other Disclosures

### Employees

A total of 24,285 employees were in fixed employment at the HORNBAACH Holding AG & Co. KGaA Group as of the reporting date on August 31, 2021 (February 28, 2021: 23,279).

### Statement of figures

Figures have been rounded up or down to the nearest million euro amount. Such rounding up or down may result in minor discrepancies between the various presentations. Percentages have been calculated on the basis of thousand euro figures.

## Risk and Opportunity Report

We presented the risks and opportunities involved in the future business activities of the HORNBAACH Holding AG & Co. KGaA Group in detail in the Risk and Opportunity Reports in our 2020/21 Annual Report (from Page 85 onwards). This basic assessment of the Group's medium to long-term development potential had not changed materially upon publication of this half-year financial report.

With regard to the risks and opportunities resulting from the coronavirus pandemic, the progress now made with vaccination programs means that the current assessment after the first six months of the 2021/22 financial year is more positive overall than the comments provided in the 2020/21 Annual Report (Page 91). Upon the completion of this half-year financial year report, it was apparent that no repetition was expected of the widespread lockdown on large parts of public life and economic activity in the countries in which HORNBAACH operates. Substantial restrictions on sales – at least for those that have been vaccinated against or recovered from the virus– or even store closures, such as those which noticeably held back our DIY retail business in several countries and federal states in spring 2021, are viewed as unlikely.

Our risk assessment of the coronavirus crisis therefore mainly focuses on macroeconomic risks, which are nevertheless still subject to a high degree of forecasting uncertainty. These particularly relate to significant ongoing uncertainties surrounding commodity price rises and supply bottlenecks on global procurement markets. Demand among customers for construction and DIY product ranges has been at elevated levels since the outbreak of the pandemic in the European countries in which we operate; we expect demand to remain significantly higher than before the pandemic in the quarters ahead as well.

## Outlook

### Macroeconomic and Sector-Specific Framework

We presented our forecast of the macroeconomic and sector-specific framework on Pages 100 and 101 of the 2020/21 Annual Report of the HORNBAACH Holding AG & Co. KGaA Group. Given the improvement in the healthcare situation, which led to pandemic-related restrictions being lifted more quickly than expected, the macroeconomic situation is now slightly better than initially assumed. In its Summer Forecast published at the beginning of July 2021, the European Commission raised its growth expectations for the EU and euro area in the current year to 4.8%. The Commission also corrected its EU inflation forecast for 2021 upwards by 0.3 percentage points to 2.2%. At the same time, on September 9 the European Central Bank (ECB) pointed out that it would maintain the scope of its net asset acquisitions in connection with the Pandemic Emergency Purchase Programme–PEPP compared with the two preceding quarters, albeit at a moderately reduced level. Accompanied by strong demand, rising energy and commodity prices, production bottlenecks due to capacity problems, and shortages of some building components and raw materials are expected to lead to a further rise in consumer prices in the current year.

For Germany, economists are now predicting growth of 3.6%, and thus slightly stronger than previously expected. The EU Commission currently expects a full-year inflation rate of 2.8% for Germany in 2021.

Having improved in the second quarter of the calendar year, business and consumer confidence became more subdued as the third calendar quarter progressed. The HDE's Consumption Barometer showed a reduction in August and September 2021, with this being due in particular to a falling propensity to spend, more pessimistic macroeconomic expectations, and rising prices. Not only that, in all regions in which we operate we are currently seeing an upward overall trend in coronavirus incidence rates and a shift towards governments requiring consumers to document that they have been vaccinated against or recovered from coronavirus. This means that the coming winter half-year will also be subject to a degree of uncertainty concerning opening requirements for retailers and consumer behavior.

The BHB sector association expects sales to stabilize at a high level in the second half of the year. It also expects the trend towards consumers improving their own four walls, which was newly revived during the pandemic, to continue. The sector is also expected to benefit from the higher numbers of people working from home.

## Forecast Business Performance of the HORNBAACH Group in 2021/22

We provided an assessment of our forecast business performance for the HORNBAACH Group in 2021/22 on Page 102 of the 2020/21 Annual Report of the HORNBAACH Holding AG & Co. KGaA Group. Through to the publication of this interim report, no material changes have been made to this basic assessment of the Group's further business performance in the second half of the financial year. Due to the pleasing course of business in the second quarter of 2021/22, however, we are now slightly more positive than previously in our assessment of the Group's sales and earnings performance in the 2021/22 financial year as a whole.

### Expansion

Two new DIY stores with garden centers are scheduled for opening in the second half of the financial year, namely in Apeldoorn (Netherlands) and Sirnach (Switzerland). An existing location in Paderborn (Germany) will be replaced by a new store. The total number of locations operated by the HORNBAACH Baumarkt AG subgroup is set to rise to 167 by the end of the financial year on February 28, 2022 (February 28, 2021: 163), of which 69 locations in other European countries.

### Sales and earnings forecast

At the end of the first half of 2021/22, the company can confirm and specify in greater detail the annual forecast published on June 25, 2021 in the Quarterly Statement for the first quarter of 2021/22.

In respect of the **sales forecast**, we deem it likely that the HORNBAACH Group's sales growth will be in the upper third of the forecast range of 1% to 5% (2020/21 financial year: € 5,456 million).

With regard to the **earnings forecast**, we currently expect adjusted consolidated operating earnings (adjusted EBIT) to reach the upper third of the forecast corridor of € 290 million to € 326 million and thus, as previously forecast, to fall slightly short of the record figure reported for the 2020/21 financial year (€ 326.4 million). We thus aim to achieve an adjusted EBIT margin at the upper end of the 5.3% to 5.7% range in 2021/22. This would significantly exceed the figure for the financial year prior to the coronavirus pandemic (2019/20: 4.8%) and the average for the past 20 years (4.5%).

## Brief Glossary of Key Performance Figures

In this half-year financial report we also refer to the following alternative key performance figures that are not defined under IFRS to comment on our asset, financial, and earnings situation. These figures should also be viewed in the overall context of the information published in the Annual Report concerning the Group's management system.

<b>Like-for-like sales net of currency items (change in %)</b>	<i>Alternative key performance figure to measure the operating business performance and indicate the organic growth achieved by our retail activities (stationary stores and online shops)</i>	The calculation of like-for-like sales is based on all DIY stores with garden centers that have been in operation for at least one full year. No account is taken of stores newly opened, closed, or subject to substantial conversion measures in the past twelve months. Like-for-like sales are calculated excluding sales tax (net) and based on the local currency for the reporting period under comparison (currency-adjusted). The rate of change in like-for-like sales net of currency items is therefore a performance indicator independent of exchange rate factors. On a euro basis, like-for-like sales are also calculated including currency items for those countries in our European store network that have currencies other than the euro.
<b>EBITDA</b>	<i>Alternative key performance figure to comment on earnings performance</i>	EBITDA stands for earnings before interest, taxes, depreciation and amortization (on property, plant and equipment and on intangible assets). EBITDA is a cash flow-based figure, as depreciation and amortization, which do not impact on liquidity, are added to operating earnings (EBIT).
<b>Adjusted EBIT Adjusted EBIT margin</b>	<i>Major key performance figure to comment on operating earnings performance</i>	To calculate this key figure, EBIT is adjusted to exclude non-operating earnings items. Non-operating expenses (e.g. impairment losses on assets, expenses due to discontinuation of projects) are added to EBIT, while non-operating income (e.g. income from disposals of properties, income from write-ups of assets impaired in previous years) are deducted. Adjusted EBIT is therefore particularly useful for management purposes and for comparing the operating earnings performance over time or in forecasts. The key figures we refer to in order to measure our profitability include the adjusted EBIT margin, which is defined as adjusted EBIT as a percentage of net sales.
<b>EBT</b>	<i>Alternative key performance figure to comment on operating earnings performance</i>	Given IFRS 16 lease accounting, consolidated earnings before taxes (EBT) are becoming increasingly important as an alternative key performance figure. EBT is the key earnings figure that shows the impact on the income statement of IFRS 16 effects; these comprise depreciation of right-of-use assets and interest expenses for financial debt.

**Cost ratios**

*Alternative key performance figures for the development in store, pre-opening, and administration expenses as a percentage of net sales*

The **store expense ratio** is obtained by dividing selling and store expenses by net sales. Selling and store expenses comprise those costs incurred in connection with the operation of stationary DIY stores with garden centers and the online shops. They mainly include personnel expenses, advertising expenses, and general operating expenses (such as transport expenses, service and maintenance), as well as depreciation and amortization.

The **pre-opening expense ratio** is calculated by dividing pre-opening expenses by net sales. Costs incurred in connection with and upon the construction of a new stationary DIY store with a garden center through to opening are reported as pre-opening expenses. Pre-opening expenses largely comprise personnel expenses, costs of supplies and disposal, and administration expenses.

The **administration expense ratio** is the quotient of administration expenses and net sales. Administration expenses include all administrative expenses incurred in connection with the operation or construction of stationary DIY stores with garden centers and with the development and operation of online retail (e-commerce) and which cannot be directly allocated to such. They mainly consist of personnel expenses, legal and advisory expenses, depreciation and amortization, costs of premises, and IT, travel, and vehicle expenses. As well as purely administrative expenses, they also include project-related and digitalization expenses.

**Equity ratio**

*Alternative key performance figure to comment on asset position*

The equity ratio is derived by dividing shareholders' equity as reported in the balance sheet (equity posted) by total capital (balance sheet total).

**Net financial debt**

*Alternative key performance figure to comment on financial position*

This key figure is calculated as total current and non-current financial debt less cash and cash equivalents and – where applicable – less current financial assets.

**Gross margin**

*Further key performance figure to comment on earnings performance*

The gross margin is defined as gross profit (net balance of sales and cost of goods sold) as a percentage of net sales. This key management figure is chiefly influenced by developments in procurement and retail prices, changes in the product mix, and currency items resulting from international procurement.

# INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## Income Statement

€ million	2 <sup>nd</sup> Quarter 2021/22	2 <sup>nd</sup> Quarter 2020/21	Change in %	1 <sup>st</sup> Half 2021/22	1 <sup>st</sup> Half 2020/21	Change in %
Sales	1,614.3	1,555.1	3.8	3,292.4	3,132.2	5.1
Cost of goods sold	1,043.6	1,007.2	3.6	2,125.7	2,017.7	5.4
<b>Gross profit</b>	<b>570.7</b>	<b>548.0</b>	<b>4.2</b>	<b>1,166.7</b>	<b>1,114.5</b>	<b>4.7</b>
Selling and store expenses	341.6	332.2	2.8	707.6	668.4	5.9
Pre-opening expenses	4.2	1.1	>100	6.9	1.5	>100
General and administration expenses	59.9	55.3	8.3	121.8	115.1	5.9
Other income and expenses	3.0	2.8	7.4	6.8	6.1	11.1
<b>Earnings before interest and taxes (EBIT)</b>	<b>168.1</b>	<b>162.2</b>	<b>3.6</b>	<b>337.2</b>	<b>335.6</b>	<b>0.5</b>
Interest and similar income	0.1	0.1	(23.8)	0.2	0.3	(47.9)
Interest and similar expenses	10.9	10.8	0.3	21.8	21.6	1.1
Other financial result	(1.9)	(1.2)	53.6	(2.6)	(0.8)	>-100
<b>Net financial expenses</b>	<b>(12.6)</b>	<b>(11.9)</b>	<b>6.0</b>	<b>(24.3)</b>	<b>(22.1)</b>	<b>(9.9)</b>
<b>Consolidated earnings before taxes</b>	<b>155.4</b>	<b>150.3</b>	<b>3.4</b>	<b>312.9</b>	<b>313.5</b>	<b>(0.2)</b>
Taxes on income	37.0	38.2	(3.2)	76.5	78.5	(2.6)
<b>Consolidated net income</b>	<b>118.4</b>	<b>112.0</b>	<b>5.7</b>	<b>236.4</b>	<b>235.0</b>	<b>0.6</b>
of which: income attributable to shareholders	93.7	88.3	6.1	187.0	185.2	1.0
of which: non-controlling interest	24.8	23.8	4.2	49.5	49.8	(0.7)
<b>Basic/diluted earnings per share (€)</b>	<b>5.85</b>	<b>5.51</b>	<b>6.2</b>	<b>11.69</b>	<b>11.57</b>	<b>1.0</b>

## Statement of Comprehensive Income

€ million	2 <sup>nd</sup> Quarter 2021/22	2 <sup>nd</sup> Quarter 2020/21	1 <sup>st</sup> Half 2021/22	1 <sup>st</sup> Half 2020/21
<b>Consolidated net income</b>	<b>118.4</b>	<b>112.0</b>	<b>236.4</b>	<b>235.0</b>
Actuarial gains and losses on defined benefit plans	(3.2)	0.1	0.3	6.6
Deferred taxes on actuarial gains and losses on defined benefit plans	0.5	0.2	0.0	(0.9)
<b>Other comprehensive income that will not be recycled at a later date</b>	<b>(2.7)</b>	<b>0.2</b>	<b>0.3</b>	<b>5.8</b>
Measurement of derivative financial instruments (cash flow hedge)				
Measurement of derivative hedging instruments directly in equity <sup>1)</sup>	0.0	(0.1)	(0.1)	(0.1)
Gains and losses from measurement of derivative financial instruments transferred to profit or loss	0.1	0.1	0.2	0.2
Exchange differences arising on the translation of foreign subsidiaries	2.9	5.4	8.3	(7.0)
Deferred taxes on gains and losses recognized directly in equity	0.0	0.0	0.0	0.0
<b>Other comprehensive income that will possibly be recycled at a later date</b>	<b>3.0</b>	<b>5.4</b>	<b>8.4</b>	<b>(6.9)</b>
<b>Total comprehensive income</b>	<b>118.7</b>	<b>117.7</b>	<b>245.1</b>	<b>233.8</b>
of which: attributable to shareholders of HORNBACH HOLDING AG & Co. KGaA	94.1	93.0	194.0	184.3
of which: attributable to non-controlling interest	24.6	24.7	51.1	49.5

<sup>1)</sup> Represents the residual value of fair value changes and recognized changes in the value of corresponding hedge instruments in the period under report.

## Balance Sheet

Assets	August 31, 2021		February 28, 2021	
	€ million	%	€ million	%
<b>Non-current assets</b>				
Intangible assets	18.2	0.4	17.3	0.4
Property, plant, and equipment	1,684.7	39.8	1,636.9	40.8
Investment property	27.1	0.6	25.8	0.6
Right-of-use assets	777.8	18.4	716.7	17.9
Financial assets	0.1	0.0	0.1	0.0
Other non-current receivables and assets	6.4	0.2	4.0	0.1
Deferred tax assets	12.6	0.3	12.2	0.3
	<b>2,526.8</b>	<b>59.7</b>	<b>2,413.1</b>	<b>60.2</b>
<b>Current assets</b>				
Inventories	965.6	22.8	992.9	24.8
Current financial assets	60.0	1.4	0.0	0.0
Trade receivables	51.6	1.2	41.0	1.0
Contract assets	1.2	0.0	1.2	0.0
Other current assets	100.3	2.4	111.1	2.8
Income tax receivables	13.3	0.3	11.3	0.3
Cash and cash equivalents	512.9	12.1	435.0	10.9
Non-current assets held for sale and disposal groups	2.3	0.1	2.4	0.1
	<b>1,707.1</b>	<b>40.3</b>	<b>1,594.8</b>	<b>39.8</b>
	<b>4,233.9</b>	<b>100.0</b>	<b>4,007.9</b>	<b>100.0</b>

Equity and liabilities	August 31, 2021		February 28, 2021	
	€ million	%	€ million	%
<b>Shareholders' equity</b>				
Share capital	48.0	1.1	48.0	1.2
Capital reserve	130.4	3.1	130.4	3.3
Revenue reserves	1,460.4	34.5	1,298.4	32.4
<b>Equity of shareholders of HORNBACH HOLDING AG &amp; Co. KGaA</b>	<b>1,638.8</b>	<b>38.7</b>	<b>1,476.8</b>	<b>36.8</b>
Non-controlling interest	338.3	8.0	295.2	7.4
	<b>1,977.1</b>	<b>46.7</b>	<b>1,772.0</b>	<b>44.2</b>
<b>Non-current liabilities</b>				
Non-current financial debt	597.5	14.1	594.8	14.8
Non-current lease liabilities	758.6	17.9	703.9	17.6
Pensions and similar obligations	19.8	0.5	19.3	0.5
Deferred tax liabilities	30.2	0.7	31.7	0.8
Other non-current liabilities	41.3	1.0	40.6	1.0
	<b>1,448.9</b>	<b>34.2</b>	<b>1,390.4</b>	<b>34.7</b>
<b>Current liabilities</b>				
Current financial debt	87.8	2.1	134.9	3.4
Current lease liabilities	91.1	2.2	86.2	2.2
Trade payables	235.4	5.6	312.0	7.8
Contract liabilities	53.3	1.3	44.2	1.1
Other current liabilities	127.7	3.0	98.2	2.5
Income tax liabilities	79.1	1.9	35.3	0.9
Other provisions and accrued liabilities	135.0	3.2	134.7	3.4
	<b>807.8</b>	<b>19.1</b>	<b>845.5</b>	<b>21.1</b>
	<b>4,233.9</b>	<b>100.0</b>	<b>4,007.9</b>	<b>100.0</b>

## Statement of Changes in Equity

1 <sup>st</sup> Half 2020/21 in € million	Share capital	Capital reserve	Hedging reserve	Cumulative currency translation	Other revenue reserves	Equity attributable to shareholders	Non-controlling interest	Total group equity
<b>Balance at March 1, 2020</b>	48.0	130.4	(0.6)	24.0	1,137.0	1,338.8	265.4	1,604.2
Consolidated net income					185.2	185.2	49.8	235.0
Actuarial changes on defined benefit plans, net after taxes					4.4	4.4	1.4	5.8
Measurement of derivative financial instruments (cash flow hedge), net after taxes			0.1			0.1	0.0	0.1
Exchange differences arising on the translation of foreign subsidiaries				(5.4)		(5.4)	(1.6)	(7.0)
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>(5.4)</b>	<b>189.6</b>	<b>184.3</b>	<b>49.5</b>	<b>233.8</b>
Dividend distribution					(24.0)	(24.0)	(5.1)	(29.1)
Treasury stock transactions					0.0	0.0	(1.8)	(1.8)
<b>Balance at August 31, 2020</b>	<b>48.0</b>	<b>130.4</b>	<b>(0.5)</b>	<b>18.7</b>	<b>1,302.6</b>	<b>1,499.1</b>	<b>308.1</b>	<b>1,807.2</b>

1 <sup>st</sup> Half 2021/22 in € million	Share capital	Capital reserve	Hedging reserve	Cumulative currency translation	Other revenue reserves	Equity attributable to shareholders	Non-controlling interest	Total group equity
<b>Balance at March 1, 2021</b>	48.0	130.4	(0.4)	16.4	1,282.5	1,476.8	295.2	1,772.0
Consolidated net income					187.0	187.0	49.5	236.4
Actuarial changes on defined benefit plans, net after taxes					0.2	0.2	0.1	0.3
Measurement of derivative financial instruments (cash flow hedge), net after taxes			0.1			0.1	0.0	0.1
Exchange differences arising on the translation of foreign subsidiaries				6.7		6.7	1.6	8.3
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>6.7</b>	<b>187.2</b>	<b>194.0</b>	<b>51.1</b>	<b>245.1</b>
Dividend distribution					(32.0)	(32.0)	(6.8)	(38.8)
Treasury stock transactions					0.0	0.0	(1.2)	(1.2)
<b>Balance at August 31, 2021</b>	<b>48.0</b>	<b>130.4</b>	<b>(0.3)</b>	<b>23.1</b>	<b>1,437.6</b>	<b>1,638.8</b>	<b>338.3</b>	<b>1,977.1</b>

## Cash Flow Statement

€ million	1 <sup>st</sup> Half 2021/22	1 <sup>st</sup> Half 2020/21
<b>Consolidated net income</b>	<b>236.4</b>	<b>235.0</b>
Depreciation and amortization of property, plant, and equipment and intangible assets	49.0	47.9
Depreciation of right-of-use assets	49.5	45.5
Change in provisions	1.2	1.0
Gains/losses on disposals of non-current assets and of non-current assets held for sale	(0.7)	(1.7)
Change in inventories, trade receivables, and other assets	28.5	37.1
Change in trade payables and other liabilities	4.4	142.0
Other non-cash income/expenses	6.0	3.2
<b>Cash flow from operating activities</b>	<b>374.3</b>	<b>510.0</b>
Proceeds from disposal of non-current assets and of non-current assets held for sale	1.8	3.7
Payments for investments in property, plant, and equipment	(94.2)	(63.1)
Payments for investments in intangible assets	(2.8)	(1.6)
Payments for securities and money investments	(60.0)	0.0
<b>Cash flow from investing activities</b>	<b>(155.1)</b>	<b>(60.9)</b>
Dividends paid	(38.8)	(29.1)
Proceeds from taking up long-term debt	70.0	0.0
Repayment of long-term debt	(122.7)	(6.1)
Repayment of current and non-current lease liabilities	(51.1)	(42.6)
Change in current financial debt	0.0	0.8
<b>Cash flow from financing activities</b>	<b>(142.6)</b>	<b>(77.0)</b>
Cash-effective change in cash and cash equivalents	76.6	372.1
Change in cash and cash equivalents due to changes in exchange rates	1.3	(1.4)
Cash and cash equivalents at March 1	435.0	368.3
<b>Cash and cash equivalents at August 31</b>	<b>512.9</b>	<b>738.9</b>

Cash and cash equivalents include cash on hand, credit balances at banks, and other short-term deposits.

The cash flow from operating activities was reduced by income tax payments of € 36.6 million (2020/21: € 24.5 million) and interest payments of € 16.8 million (2020/21: € 16.3 million) and increased by interest received of € 0.2 million (2020/21: € 0.3 million). Of interest payments, an amount of € 13.4 million (2020/21: € 12.8 million) involves interest paid in connection with leases.

The other non-cash income/expenses item mainly relates to interest deferrals, the period-based updating of financing expenses deferred using the effective interest method, unrecognized exchange rate gains/losses, and deferred taxes.

# GROUP NOTES

## Notes to the Interim Consolidated Financial Statements as of August 31, 2021

### (1) Accounting principles

This group interim report of HORNBAACH Holding AG & Co. KGaA and its subsidiaries for the first half of the financial year as of August 31, 2021 has been prepared in accordance with § 315e (1) of the German Commercial Code (HGB) based on International Financial Reporting Standards (IFRS) in the form requiring mandatory application in the European Union. The abridged interim report has been prepared in accordance with IAS 34 “Interim Financial Reporting”.

Pursuant to IAS 34 “Interim Financial Reporting”, income tax expenses for the first half have been calculated using the average annual tax rate expected for the financial year as a whole.

This interim report is to be read in conjunction with the consolidated financial statements of HORNBAACH Holding AG & Co. KGaA for the 2020/21 financial year. Reference is made to these financial statements on account of the additional information they contain as to the specific accounting and valuation methods applied. The notes included therein also apply to this interim report, unless any amendments are expressly indicated. Moreover, this interim report is also consistent with German Accounting Standard No. 16 (DRS 16) – Half-Year Financial Reporting – of the German Accounting Standards Committee (DRSC).

Figures have been rounded up or down to the nearest million euros. This may result in discrepancies between figures in the various numeric presentations. Percentages have been calculated on the basis of € 000s.

### Changes in accounting principles

The new standards, amendments to standards, and interpretations requiring first-time application in the 2021/22 financial year were described in the 2020/21 consolidated financial statements. These changes did not have any material implications for the interim consolidated financial statements.

### IFRS 16 (2021) “Covid-19-Related Rent Concessions beyond 30 June 2021”

The International Accounting Standards Board (IASB) published an amendment to IFRS 16 in the first quarter of 2021, for which EU endorsement followed as of August 30, 2021. According to this amendment, the simplification rules resulting from the amendment to IFRS 16 (2020) “Covid-19-Related Rent Concessions” also apply beyond June 30, 2021.

Application of this amendment has not had any implications for the interim consolidated financial statements, as the Group did not receive any rent concessions in the first half of 2021/22.

### (2) Impact of COVID-19

In the period under report, the Group's business activities were affected to a limited extent by the global spread of the COVID-19 pandemic. A large number of the Group's sales locations were affected by temporary restrictions on sales through to June 6, 2021 but were nevertheless able to handle a major share of their business volumes via click & collect and DIY online retail. Further details about this can be found in the interim group management report.

The discretionary decisions and estimates made by the management when preparing the abridged interim group report impact on the measurement of the assets and liabilities thereby recognized, as well as on the income and expenses stated for the period

under report. In making discretionary decisions and estimates, the management took account of all available information concerning expected economic developments and country-specific government countermeasures. Due to the currently unforeseeable global implications of the COVID-19 pandemic, however, these discretionary decisions and estimates made by the management are subject to increased uncertainty. Actual amounts may diverge from the assessments and estimates made by the management. Changes in these amounts may impact materially on the interim consolidated financial statements.

#### Impairment tests of non-financial assets (including right-of-use assets)

In the period under report, the Group performed a review to ascertain whether the repercussions of the COVID-19 pandemic had led to any specific indications of potential impairment among its non-financial assets. This analysis took account of:

- The development in the Group's operating performance during the period under report
- Forward-looking analysis of the Group's operative planning
- The development in the market capitalization compared with equity posted during the period under report
- Qualitative comparison within the DIY sector.

The review established that there are currently no further indications of impairment. In this respect, the company planning underlying the consolidated financial statements as of February 28, 2021 retains its validity. The assumptions and estimates made in these consolidated financial statements are nevertheless subject to increased uncertainty. Future changes in expected cash flows and discount rates may lead to the recognition of write-downs or write-ups in future.

#### Other COVID-19-related expenses

The measures required to protect our customers and employees and to uphold stationary sales include commissioning security firms and additional temporary staff, as well as extensive disinfection and hygiene-related measures. As of the reporting date, the resultant expenses amounted to € 4.3 million (2020/21: € 12.1 million). These outlays have been allocated to the respective functional expenses.

### (3) Seasonal influences

Due to weather conditions, the HORNBACH Holding AG & Co. KGaA Group generally reports a weaker business performance in the fall and winter than in the spring and summer months. These seasonal fluctuations are reflected in the figures for the first half. The business performance in the first six months as of August 31, 2021 does not necessarily provide an indication for the year as a whole.

### (4) Other income and expenses

Other income and expenses are structured as follows:

€ million	2 <sup>nd</sup> Quarter 2021/22	2 <sup>nd</sup> Quarter 2020/21	Change in %
Other income	6.2	5.7	8.7
Other expenses	3.2	2.9	9.9
<b>Other income and expenses</b>	<b>3.0</b>	<b>2.8</b>	<b>7.4</b>

€ million	1 <sup>st</sup> Half 2021/22	1 <sup>st</sup> Half 2020/21	Change in %
Other income	11.6	10.8	7.9
Other expenses	4.8	4.6	3.6
<b>Other income and expenses</b>	<b>6.8</b>	<b>6.1</b>	<b>11.1</b>

Other income for the first half of 2021/21 mainly results from operating income and chiefly relates to ancillary revenues at DIY stores with garden centers, income from damages payments and disposal services, and income from disposals of non-current assets. In the previous year, non-operating income of € 0.9 million was included without functional designation in this line item. This related to the sale of two items of real estate and was allocated to the “HORNBACH Immobilien AG subgroup” and “HORNBACH Baustoff Union GmbH subgroup” segments.

Other expenses mainly relate to operating expenses. These predominantly involve impairments of receivables, losses incurred for damages, and losses incurred upon the disposal of assets.

### (5) Earnings per share

Basic earnings per share are calculated pursuant to IAS 33 “Earnings per Share” as the quotient of the income attributable to the shareholders of HORNBACH Holding AG & Co. KGaA for the period under report and the weighted average number of shares issued. As in the previous year, no dilutive effects had to be accounted for when calculating earnings per share.

	<b>2<sup>nd</sup> Quarter 2021/22</b>	2 <sup>nd</sup> Quarter 2020/21
Number of ordinary shares issued	16,000,000	16,000,000
Consolidated net income allocable to shareholders in HORNBACH Holding AG & Co. KGaA in € million	93.7	88.3
<b>Earnings per share in €</b>	<b>5.85</b>	<b>5.51</b>

	<b>1<sup>st</sup> Half 2021/22</b>	1 <sup>st</sup> Half 2020/21
Number of ordinary shares issued	16,000,000	16,000,000
Consolidated net income allocable to shareholders in HORNBACH Holding AG & Co. KGaA in € million	187.0	185.2
<b>Earnings per share in €</b>	<b>11.69</b>	<b>11.57</b>

### (6) Other disclosures

The personnel expenses of the HORNBACH Holding AG & Co. KGaA Group amounted to € 478.2 million in the first half of the 2021/22 financial year (2020/21: € 466.0 million).

Depreciation and amortization totaling € 49.0 million was recognized on intangible assets and property, plant and equipment at the HORNBACH Holding AG & Co. KGaA Group in the first six months of the 2021/22 financial year (2020/21: € 47.9 million). An amount of € 49.5 million involved depreciation of right-of-use assets in connection with leases (2020/21: € 45.5 million).

No non-operating earnings items requiring allocation to functional expenses arose in the first half of 2021/22. In the previous year, other income and expenses included non-operating income of € 0.9 million.

### (7) Shareholders' equity

On July 26, 2021, the Board of Management of HORNBACH Baumarkt AG resolved pursuant to § 71 (1) No. 2 of the German Stock Corporation Act (AktG) to acquire up to 55,000 treasury stock shares. These shares are to be acquired for the annual issue of employee shares scheduled to take place at the end of 2021. The buyback of shares began on August 9, 2021 and is limited to February 28, 2022. By August 31, 2021, HORNBACH Baumarkt AG had acquired 35,000 treasury stock shares. In the statement of changes in equity, the acquisition costs for these shares (€ 1.2 million) have been recognized under “Treasury stock transactions”.

The buyback of shares on the basis of this management board resolution is being executed in accordance with the safe harbor regulations set out in Article 5 of Regulation (EU) No. 596/2014 of the European Parliament and Council dated April 14, 2014 and with the delegated Regulation (EU) 2016/1052 of the Commission dated March 8, 2016.

**(8) Dividend**

As proposed by the Board of Management of the general partner HORNBACH Management AG and the Supervisory Board of HORNBACH Holding AG & Co. KGaA, following approval by the Annual General Meeting on July 8, 2021 a dividend of € 2.00 per share was distributed to shareholders for the 2020/21 financial year.

**(9) Contingent liabilities, guarantees and other financial obligations**

These mainly involve financial obligations in connection with investment projects, as well as rental, hiring, leasehold, and lease contracts in which the leased items had not yet been handed over for use as of the balance sheet date or which are outside the scope of IFRS 16. These items amounted to € 164.2 million at the end of the period under report (February 28, 2021: € 149.0 million).

The company had contingent liabilities of € 78.3 million as of the balance sheet date (February 28, 2021: € 112.4 million). These mainly relate to conditionally deferred rental relationships. The timing of any potential outflow of funds for contingent liabilities is uncertain, as they depend on various external factors that are outside HORNBACH's control.

**(10) Related party disclosures**

In addition to the subsidiaries included in the consolidated financial statements, HORNBACH Holding AG & Co. KGaA also has direct or indirect relationships with associated companies when performing its customary business activities. Apart from the transactions reported in the annual financial statements, no major transactions were undertaken with closely related companies and persons during the first half of 2021/22.

**(11) Fair value disclosures**

The methods and principles applied to determine fair value are basically unchanged compared with the consolidated financial statements as of February 28, 2021. The following table presents the carrying amounts and fair values of individual financial assets and liabilities pursuant to IFRS 9 as of August 31, 2021:

€ million	Category	Carrying amount 8.31.2021	Fair value 8.31.2021	Carrying amount 2.28.2021	Fair value 2.28.2021
<b>Assets</b>					
Financial assets	FVtOCI	0.1	0.1	0.1	0.1
Current financial assets	AC	40.0	40.0	0.0	0.0
Current financial assets	FVtPL	20.0	20.0	0.0	0.0
Trade receivables	AC	50.2	50.2	38.6	38.6
Trade receivables due to non-recourse factoring that are not derecognized	FVtPL	1.4	1.4	2.4	2.4
Contract assets	AC	1.2	1.2	1.2	1.2
Other current and non-current assets					
Derivatives with hedge relationship	n/a	1.3	1.3	1.3	1.3
Derivatives without hedge relationship	FVtPL	0.7	0.7	0.7	0.7
Other assets	AC	76.2	76.2	79.9	79.9
Cash and cash equivalents	AC	512.9	512.9	435.0	435.0
<b>Equity and liabilities</b>					
Financial debt					
Bonds	AC	247.4	270.5	247.2	268.0
Liabilities to banks	AC	436.5	458.7	482.1	497.9
Lease liabilities	n/a	849.6	--	790.1	--
Derivatives without hedge relationship	FVtPL	1.5	1.5	0.5	0.5
Trade payables	AC	235.4	235.4	312.0	312.0
Contract liabilities	AC	53.3	53.3	44.2	44.2
Other current and non-current liabilities	AC	16.5	16.5	22.7	22.7
Accrued liabilities	AC	44.2	44.2	32.6	32.6

Other current and non-current assets of € 28.4 million (February 28, 2021: € 33.1 million), other current and non-current liabilities of € 152.6 million (February 28, 2021: € 107.2 million), and accrued liabilities of € 89.6 million (February 28, 2021: € 100.7 million) are outside the scope of IFRS 7.

The following financial instruments measured by reference to input data in the fair value hierarchy have been recognized at fair value in the balance sheet or in the note disclosures:

€ million	Category	8.31.2021	2.28.2021
<b>Assets</b>			
Valuation based on level 1 input data			
Current financial assets	FVtPL	20.0	0.0
Valuation based on level 2 input data			
Derivatives with hedge relationship	n/a	1.3	1.3
Derivatives without hedge relationship	FVtPL	0.7	0.7
<b>Equity and liabilities</b>			
Valuation based on level 1 input data			
Bonds	AC	270.5	268.0
Valuation based on level 2 input data			
Liabilities to banks	AC	458.7	497.9
Derivatives without hedge relationship	FVtPL	1.5	0.5

The derivative financial instruments with hedge relationships recognized in the balance sheet relate to a cross-currency swap. Derivative financial instruments without hedge relationships involve foreign currency items for outstanding orders.

## (12) Segment report

1 <sup>st</sup> Half 2021/22 in € million 1 <sup>st</sup> Half 2020/21 in € million	HORNBACH Baumarkt AG subgroup	HORNBACH Baustoff Union GmbH subgroup	HORNBACH Immobilien AG subgroup	Central division	Consolidation adjustments	HORNBACH Holding AG & Co. KGaA Group
<b>Segment sales</b>	<b>3,085.2</b>	<b>206.5</b>	<b>39.7</b>	<b>0.0</b>	<b>(39.0)</b>	<b>3,292.4</b>
	2,949.0	182.4	39.8	0.0	(39.0)	3,132.2
Sales to third parties	3,084.5	206.4	0.0	0.0	0.0	3,290.9
	2,947.1	182.3	0.0	0.0	0.0	3,129.5
Sales to affiliated companies	0.0	0.1	0.0	0.0	(0.1)	0.0
	0.0	0.0	0.0	0.0	0.0	0.0
Rental income from third parties	0.7	0.0	0.8	0.0	0.0	1.5
	1.8	0.1	0.8	0.0	0.0	2.7
Rental income from affiliated companies	0.0	0.0	38.9	0.0	(38.9)	0.0
	0.0	0.0	38.9	0.0	(38.9)	0.0
<b>EBIT</b>	<b>304.3</b>	<b>12.6</b>	<b>29.1</b>	<b>(2.5)</b>	<b>(6.3)</b>	<b>337.2</b>
	307.0	6.0	30.0	(2.0)	(5.4)	335.6
of which: depreciation and amortization	116.5	4.6	8.7	0.0	(31.2)	98.5
	112.6	4.3	8.8	0.0	(32.4)	93.3
<b>Segment earnings (adjusted EBIT)</b>	<b>304.3</b>	<b>12.6</b>	<b>29.1</b>	<b>(2.5)</b>	<b>(6.3)</b>	<b>337.2</b>
	307.0	5.7	29.4	(2.0)	(5.4)	334.7
<b>EBITDA</b>	<b>420.8</b>	<b>17.2</b>	<b>37.8</b>	<b>(2.5)</b>	<b>(37.5)</b>	<b>435.7</b>
	419.7	10.3	38.8	(2.0)	(37.8)	429.0
<b>Segment assets</b>	<b>3,984.0</b>	<b>214.5</b>	<b>447.2</b>	<b>32.2</b>	<b>(470.0)</b>	<b>4,208.0</b>
	3,828.1	197.4	472.1	50.0	(498.6)	4,049.0
of which: credit balances at banks	438.1	0.0	13.7	31.6	(0.6)	482.8
	620.4	2.3	25.7	49.4	0.0	697.9

Reconciliation in € million	1 <sup>st</sup> Half 2021/22	1 <sup>st</sup> Half 2020/21
<b>Segment earnings (adjusted EBIT)</b>	<b>337.2</b>	<b>334.7</b>
Non-operating effects	0.0	0.9
Net financial expenses	(24.3)	(22.1)
<b>Consolidated earnings before taxes</b>	<b>312.9</b>	<b>313.5</b>

The table below presents a breakdown of external sales by region and activity:

External Sales by regions 1 <sup>st</sup> Half 2021/22 in € million 1 <sup>st</sup> Half 2020/21 in € million	HORNBACH Baumarkt AG subgroup	HORNBACH Baustoff Union GmbH subgroup	HORNBACH Immobilien AG subgroup	HORNBACH Holding AG & Co. KGaA Group
<b>Germany</b>	<b>1,579.7</b>	<b>200.9</b>	<b>0.7</b>	<b>1,781.4</b>
	1,557.0	178.2	0.8	1,736.0
<b>Other European countries</b>	<b>1,505.5</b>	<b>5.5</b>	<b>0.1</b>	<b>1,511.0</b>
	1,391.9	4.3	0.0	1,396.2
<b>Revenue from contracts with customers</b>	<b>3,085.2</b>	<b>206.4</b>	<b>0.8</b>	<b>3,292.4</b>
	2,949.0	182.5	0.8	3,132.2

Neustadt an der Weinstrasse, September 28, 2021

HORNBACH Holding AG & Co. KGaA  
represented by HORNBACH Management AG

Albrecht Hornbach

Karin Dohm

## RESPONSIBILITY STATEMENT (BALANCE SHEET OATH)

We hereby affirm that, to the best of our knowledge and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Neustadt an der Weinstrasse, September 28, 2021

HORNBACH Holding AG & Co. KGaA  
represented by HORNBACH Management AG

Albrecht Hornbach

Karin Dohm

# REVIEW REPORT

To HORNBAACH Holding AG & Co. KGaA, Neustadt an der Weinstraße/Germany

We have reviewed the condensed interim consolidated financial statements of HORNBAACH Holding AG & Co. KGaA, Neustadt an der Weinstraße/Germany, which comprise the statement of profit and loss and the statement of comprehensive income for the period from 1 March to 31 August 2021, the balance sheet as at 31 August 2021, the statement of changes in consolidated equity, the statement of cash flows as well as selected explanatory notes to the financial statements, and the interim group management report for the period from 1 March to 31 August 2021, that are part of the semi-annual financial information under Section 115 German Securities Trading Act (WpHG). The preparation of the condensed interim consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the executive directors of the Company. Our responsibility is to issue a review report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and of the interim group management report in compliance with the German Generally Accepted Standards for Reviews of Financial Statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review to obtain a certain level of assurance to preclude through critical evaluation that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and to analytical procedures applied to financial data and thus provides less assurance than an audit. Since, in accordance with our engagement, we have not performed an audit, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of HORNBAACH Holding AG & Co. KGaA, Neustadt an der Weinstraße/Germany, have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Mannheim/Germany, September 28, 2021

Deloitte GmbH  
Wirtschaftsprüfungsgesellschaft

Signed:  
Steffen Schmidt  
Wirtschaftsprüfer  
(German Public Auditor)

Signed:  
Patrick Wendlandt  
Wirtschaftsprüfer  
(German Public Auditor)

## FINANCIAL CALENDAR

September 30, 2021	Half-Year Financial Report 2021/22 as of August 31, 2021 Analysts Conference of HORNBACH Holding & Co. KGaA
December 22, 2021	Quarterly Statement: 3 <sup>rd</sup> Quarter of 2021/22 as of November 30, 2021
March 22, 2022	Trading Statement 2021/22 as of February 28, 2022
May 17, 2022	Annual Report 2021/22 as of February 28, 2022 Annual Results Press Conference for the 2021/22 Financial Year Analysts Conference of HORNBACH Baumarkt AG

### Investor Relations

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## DISCLAIMER

*This half-year financial report contains forward-looking statements based on assumptions and estimates made by the Board of Management of HORNBACH. Statements referring to the future are always only valid at the time at which they are made. Although we assume that the expectations reflected in these forecast statements are realistic, the company can provide no guarantee that these expectations will also turn out to be accurate. The assumptions may involve risks and uncertainties which could result in actual results differing significantly from the forecast statements. The factors which could produce such variances include changes in the economic and business environment, particularly in respect of consumer behavior and the competitive environment in those retail markets of relevance for HORNBACH. Furthermore, they include exceptional weather conditions, a lack of acceptance of new sales formats or new product ranges, as well as changes to the corporate strategy. HORNBACH has no plans to update the forecast statements, neither does it accept any obligation to do so.*