

HORNBACH Holding AG & Co. KGaA
Group

Q3/9M
2022/23

Quarterly Statement
as of November 30, 2022

HORNBACH 
Holding

HORNBACK HOLDING AG & CO. KGAA GROUP

Statement on Q3 and 9M of 2022/23 (March 1 – November 30, 2022)

Key figures of the HORNBACK HOLDING AG & Co. KGaA Group (in € million, unless otherwise stated)	Q3	Q3	Change	9M	9M	Change
	2022/23	2021/22	in %	2022/23	2021/22	in %
Net sales	1,546.3	1,400.8	10.4	5,009.7	4,693.2	6.7
of which: in Germany	803.7	736.8	9.1	2,626.0	2,518.1	4.3
of which: in other European countries	742.7	664.0	11.9	2,383.6	2,175.0	9.6
Like-for-like sales growth (DIY) ¹⁾	7.2%	(0.1)%		3.4%	2.3%	
Gross margin as % of net sales	32.4%	34.2%		33.3%	35.1%	
EBITDA	102.0	106.1	(3.8)	486.6	541.8	(10.2)
EBIT	48.9	55.9	(12.6)	324.8	393.1	(17.4)
Adjusted EBIT²⁾	48.9	55.9	(12.6)	326.3	393.1	(17.0)
Consolidated earnings before taxes	36.6	47.5	(22.8)	297.2	360.4	(17.5)
Consolidated net income ³⁾	26.7	37.7	(29.2)	224.0	274.1	(18.3)
Basic/diluted earnings per share (€)	1.71	1.98	(13.8)	13.08	13.66	(4.2)
Investments (CAPEX)	44.4	71.4	(37.9)	158.6	138.3	14.7

Misc. key figures of the HORNBACK HOLDING AG & Co. KGaA Group (in € million, unless otherwise stated)	November 30, 2022	February 28, 2022	Change in %
Total assets	4,533.0	4,305.7	5.3
Shareholders' equity	1,947.8	1,761.3	10.6
Shareholders' equity as % of total assets	43.0%	40.9%	
Number of employees ⁴⁾	24,912	24,268	2.7

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

¹⁾ Like-for like sales net of currency items; includes sales at all stores that have been open for at least one year and online sales

²⁾ Adjusted to exclude non-operating income and expenses

³⁾ Including minority interests pursuant to IFRS

⁴⁾ Including passive employment relationships

Substantial sales growth in third quarter – earnings still ahead of pre-pandemic levels

- Ongoing high demand for DIY and home improvement products: Consolidated sales rise by 10.4 % to € 1,546.3 million in third quarter (Q3) of 2022/23 (2021/22: € 1,400.8 million)
 - DIY stores and garden centers (HORNBACK Baumarkt) boost net sales by 10.1 % and post like-for-like, constant-currency sales growth of 7.2 % in Q3
 - Online sales grow by 11.8 % in Q3 2022/23; online business (HORNBACK Baumarkt) accounts for 14.5 % share of sales in first nine months (9M) of 2022/23 (2021/22: 17.6 %)
 - Builders' merchant business (HORNBACK Baustoff Union) increases net sales by 15.8 % in Q3 2022/23
- Adjusted operating earnings (adjusted EBIT) fall year-on-year by 12.6 % to € 48.9 million in Q3 and by 17.0 % to € 326.3 million in 9M. Adjusted EBIT nevertheless still clearly ahead of pre-pandemic 2019/20 financial year
- 2022/23 earnings guidance dated June 13, 2022 is confirmed: Slight growth expected in net sales, adjusted EBIT expected to show a low double-digit percentage reduction compared with previous year

The third quarter (Q3) of 2022/23 (September 1 to November 30, 2022) saw continuing high demand for DIY and home improvement products from both private and professional customers. Consolidated net sales exceeded the record figure reported for the previous year's quarter by 10.4 % and rose to € 1,546.3 million (2021/22: € 1,400.8 million). Sales in the first nine months (9M) of 2022/23 (March 1 to November 30, 2022) grew by 6.7 % to € 5,009.7 million (2021/22: € 4,693.2 million).

Net sales at the largest operating Subgroup, HORNBACH Baumarkt AG (DIY retail), rose by 10.1 % to € 1,430.4 million in Q3 2022/23 (2021/22: € 1,299.7 million) and by 6.4 % to € 4,667.1 million in 9M 2022/23 (2021/22: € 4,385.0 million). On a like-for-like basis and net of currency items, the Subgroup increased its sales by 7.2 % in Q3 (2021/22: minus 0.1%) and by 3.4 % in 9M (2021/22: 2.3 %). Three-year comparison with the pre-pandemic period in 2019/20 reveals growth of 29.5% in like-for-like sales net of currency items. Online sales including click & collect grew by 11.8 % in Q3 2022/23; in the first nine months (9M) of the current 2022/23 financial year, the online business accounted for 14.5% of sales (2021/22: 17.6 %).

The HORNBACH Baustoff Union Subgroup increased its net sales by 15.8 % to € 116.6 million in Q3 2022/23 (2021/22: € 100.7 million). Its net sales in the 9M period therefore grew by 11.7 % to € 343.2 million.

The HORNBACH Group's operating earnings adjusted to exclude non-operating items (adjusted EBIT) decreased by 12.6 % to € 48.9 million in Q3 2022/23 (2021/22: € 55.9 million). In 9M 2022/23, the adjusted EBIT of € 326.3 million fell 17.0 % short of the record figure posted for the previous year's period (€ 393.1 million). Due to the increased shareholding in HORNBACH Baumarkt AG, the earnings per share of € 13.08 were only slightly lower than in the previous year (2021/22: € 13.66).

The full-year earnings guidance for 2022/23 as adjusted on June 13, 2022 is confirmed. Adjusted EBIT is still expected to show a low double-digit percentage reduction compared with the record figure reported for the 2021/22 financial year (€ 362.6 million). The sales guidance (slight increase on previous year's figure of € 5,875 million) remains unchanged on the guidance published on May 17, 2022.

Earnings, Financial, and Asset Position

Seasonal and calendar-related factors

With largely sunny and mild weather, the fall offered favorable weather conditions overall for implementing projects at home and in the garden. There was a Group-wide average of 0.7 business days fewer in the third quarter of 2022/23 than in the equivalent period in the previous year. Cumulatively for the first nine months of 2022/23 (March 1 to November 30, 2022), there were 0.1 business days fewer than one year earlier.

Sales performance of the HORNBACH Group

The HORNBACH Holding AG & Co. KGaA Group comprises the HORNBACH Baumarkt AG, HORNBACH Baustoff Union GmbH, and HORNBACH Immobilien AG Subgroups.

The HORNBACH Group's sales in the third quarter of the 2022/23 financial year (September 1 to November 30, 2022) rose by 10.4% to € 1,546.3 million (2021/22: € 1,400.8 million), while its sales in the first nine months of 2022/23 grew by 6.7% to € 5,009.7 million (2021/22: € 4,693.2 million).

HORNBACH Baumarkt AG Subgroup

One new DIY store and garden center was opened in the third quarter of 2022/23, namely in Constanța (Romania). As of November 30, 2022, the HORNBACH Baumarkt Subgroup therefore operated a total of 170 retail outlets with total sales areas of 2.02 million m², of which 98 stores in Germany and 72 in other European countries. Two new locations were already added in the first quarter of 2022/23, in this case in Nitra (Slovakia) and Enschede (Netherlands).

The Subgroup's net sales grew by 10.1 % to € 1,430.4 million in Q3 2022/23 (2021/22: € 1,299.7 million). Net sales in the Germany region rose by 8.2 % to € 690.7 million (2021/22: € 638.6 million). In the Other European Countries region, quarterly net

sales increased year-on-year by 11.9% to € 739.6 million (2021/22: € 661.2 million). On a like-for-like basis and net of currency items [[↳ Brief Glossary](#) on Page 9], net sales grew by 7.2% in Q3 2022/23 (2021/22: minus 0.1%). Including currency items for non-euro countries, namely the Czech Republic, Romania, Sweden and Switzerland, like-for-like sales grew by 8.0% (2021/22: plus 0.4%).

In 9M 2022/23, the Subgroup increased its net sales by 6.4% to € 4,667.1 million (2021/22: € 4,385.0 million). The international share of consolidated sales in the nine-month period stood at 50.9% (2021/22: 49.4%). On a like-for-like basis, Group-wide net sales rose by 3.4% excluding and 4.2% including currency items (2021/22: plus 2.3% and plus 2.6% respectively).

Like-for-like sales performance¹⁾ (in %)

Financial year	1 st Quarter	2 nd Quarter	3 rd Quarter	9 Months
HORNBACH Baumarkt AG Subgroup: 2022/23	5.3	(1.7)	7.2	3.4
2021/22	4.3	2.5	(0.1)	2.3
2020/21	17.5	21.4	19.7	19.5
Germany: 2022/23	4.4	(2.9)	7.8	2.9
2021/22	(0.1)	1.7	(4.3)	(0.8)
2020/21	24.4	24.1	25.5	24.6
Other European Countries: 2022/23	6.2	(0.6)	6.7	4.0
2021/22	9.5	3.4	4.5	5.8
2020/21	10.3	18.6	14.0	14.3

¹⁾ Excluding currency items

Sales in the online business (including click & collect) grew by 11.8% to € 196.7 million in Q3 2022/23 (2021/22: € 176.0 million). In 9M 2022/23, online sales fell to € 677.1 million, down by 12.1% on the previous year's period, which had been affected by restrictions on sales (2021/22: € 770.4 million). As stores were open, customers made considerably less use of click & collect in particular. The online share of total sales therefore amounted to 14.5% (2021/22: 17.6%) and was still significantly ahead of the pre-pandemic figure of 9.7% in 2019/20.

The market share of the HORNBACH Baumarkt Subgroup in Germany calculated by the GfK for the period from January to October 2022 eased slightly to 14.9% (2021/22: 15.2%). Thanks to its successful online strategy, the Subgroup made significant gains in market share in the previous year, which was marked by restrictions on sales due to the pandemic. Its market share is still considerably higher than in the same period in the 2020 calendar year (13.9%). In the second half of the 2022 calendar year (through to November), HORNBACH Baumarkt AG again grew notably faster than the overall German DIY sector.

Based on GfK data for the period from January to October 2022, the HORNBACH Baumarkt AG Subgroup increased its market share in the Netherlands, Switzerland, and the Czech Republic. Its market share in Austria was at the same level as in the previous year. No sector data is available for the other countries in which HORNBACH operates.

HORNBACH Baustoff Union GmbH Subgroup

The HORNBACH Baustoff Union GmbH (HBU) Subgroup, which focuses on the needs of professional customers in the main construction and subconstruction trades, as well as on private construction clients, currently operates 39 builders' merchant outlets, of which two locations close to the border in France (Alsace/Lorraine) and 37 in south-western Germany, including two locations acquired in Saarland as of July 1, 2022. In the third quarter of 2022/23, HBU generated sales growth of 15.8% to € 116.6 million (2021/22: € 100.7 million). On a cumulative basis for the nine-month period, the Subgroup increased its net sales by 11.7% to € 343.2 million (2021/22: € 307.2 million).

Earnings performance

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

Key figures of the HORNBAACH HOLDING AG & Co. KGaA Group (in € million, unless otherwise stated)	Q3 2022/23	Q3 2021/22	Change in %	9M 2022/23	9M 2021/22	Change in %
Net sales	1,546.3	1,400.8	10.4	5,009.7	4,693.2	6.7
Gross profit	500.5	479.4	4.4	1,667.6	1,646.0	1.3
Gross margin as % of net sales	32.4%	34.2%		33.3%	35.1%	
EBITDA	102.0	106.1	(3.8)	486.6	541.8	(10.2)
Earnings before interest and taxes (EBIT)	48.9	55.9	(12.6)	324.8	393.1	(17.4)
Non-operating income	0.0	0.0		(0.2)	0.0	
Non-operating expenses	0.0	0.0		1.7	0.0	
Adjusted EBIT	48.9	55.9	(12.6)	326.3	393.1	(17.0)
Consolidated earnings before taxes (EBT)	36.6	47.5	(22.8)	297.2	360.4	(17.5)
Consolidated net income	26.7	37.7	(29.2)	224.0	274.1	(18.3)
Store expenses as % of net sales	24.6	25.4		22.9	22.7	
Pre-opening expenses as % of net sales	0.1	0.4		0.1	0.3	
Administration expenses as % of net sales	4.7	4.7		4.1	4.0	

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

3rd quarter of 2022/23 (September 1 to November 30, 2022)

Key data on the earnings performance of the HORNBAACH Group in the third quarter are as follows:

- Gross profit increased by 4.4 % to € 500.5 million (2021/22: € 479.4 million). The rise in procurement prices and transport expenses was partly offset by higher retail prices. The **gross margin** [↪ [Brief Glossary](#) on Page 9], i.e. gross profit as a percentage of net sales, decreased to 32.4 % (2021/22: 34.2 %).
- Due to higher operating, personnel, and advertising expenses, selling and store expenses grew by 7.1 % to € 380.9 million (2021/22: € 355.7 million). The **store expense ratio** [↪ [Brief Glossary](#) on Page 9] eased to 24.6 % (2021/22: 25.4 %). Given the Group's expansion and salary adjustments, store personnel expenses (excluding bonuses) increased by 7.3 %. Driven by factors including higher energy prices, quarterly operating expenses rose year-on-year by 10.1 %.
- Pre-opening expenses decreased from € 5.9 million to € 1.3 million in the third quarter of 2022/23, as a result of which the **pre-opening expense ratio** [↪ [Brief Glossary](#) on Page 9] fell from 0.4 % to 0.1 %.
- General and administration expenses increased by 10.3 % to € 72.2 million (2021/22: € 65.5 million). At 4.7 %, the **administration expense ratio** [↪ [Brief Glossary](#) on Page 9] was at the previous year's level.
- Earnings before interest, taxes, depreciation and amortization (**EBITDA**) [↪ [Brief Glossary](#) on Page 10] fell by 3.8 % to € 102.0 million in the third quarter of 2022/23 (2021/22: € 106.1 million).
- At € 48.9 million, operating earnings adjusted to exclude non-operating items (**adjusted EBIT**) [↪ [Brief Glossary](#) on Page 9] did not match the previous year's high level (€ 55.9 million) but were significantly higher than in the financial year prior to the coronavirus pandemic (2019/20: € 41.8 million). As in the previous year, there were no non-operating items in the quarter under report. Adjusted EBIT therefore corresponds to EBIT [↪ [Brief Glossary](#) on Page 10].
- **Net financial expenses** decreased from minus € 8.5 million to minus € 12.3 million. This was due to the changes in currency items from plus € 2.4 million to minus € 0.3 million and in net interest expenses from minus € 10.9 million to minus € 12.0 million.
- Consolidated earnings before taxes (**EBT**) [↪ [Brief Glossary](#) on Page 10] amounted to € 36.6 million, 22.8 % lower than in the previous year's quarter (2021/22: € 47.5 million).

- **Consolidated net income** including minority interests came to € 26.7 million (2021/22: € 37.7 million). Third-quarter **earnings per share** stood at € 1.71 (2021/22: € 1.98).

9 months 2022/23 (March 1 to November 30, 2022)

The HORNBACH Group's key earnings figures for the first nine months (March 1 to November 30, 2022) remained significantly ahead of pre-pandemic levels.

At € 324.8 million, the HORNBACH Group's **EBIT** in 9M 2022/23 fell 17.4% short of the previous year's figure (2021/22: € 393.1 million). Non-operating earnings items of € 1.5 million (2021/22: none) arose from impairments of right-of-use assets (€ 1.7 million) and disposal gains (€ 0.2 million). EBIT adjusted to exclude non-operating earnings items (**adjusted EBIT**) decreased by 17.0% to € 326.3 million (2021/22: € 393.1 million), but was nevertheless 35.8% ahead of the adjusted EBIT reported in the pre-pandemic 2019/20 financial year. The adjusted EBIT margin stood at 6.5% (2021/22: 8.4%) and was still slightly higher than the equivalent figure in 9M 2019/20 (6.4%).

Net financial expenses showed a cumulative improvement from minus € 32.8 million to minus € 27.6 million. This resulted from the change in currency items from minus € 0.2 million to plus € 6.9 million. Net interest expenses declined from minus € 32.5 million to minus € 34.5 million.

At € 297.2 million, consolidated earnings before taxes (**EBT**) fell 17.5% short of the previous year's figure (€ 360.4 million). Based on a tax rate of 24.6% (2021/22: 23.9%), **consolidated net income** including minority interests decreased to € 224.0 million (2021/22: € 274.1 million). Given the increase in the shareholding in HORNBACH Baumarkt AG in connection with the delisting purchase offer, minority interests fell from € 55.5 million in 9M 2021/22 to € 14.9 million in 9M 2022/23. Cumulative **earnings per Holding share** amounted to € 13.08 (2021/22: € 13.66).

Earnings performance in the first 9 months of 2022/23 by segment

Operating earnings (EBIT) in the **HORNBACH Baumarkt AG Subgroup** segment amounted to € 276.9 million in 9M 2022/23 (2021/22: € 347.4 million). Non-operating items of € 2.3 million arose due to impairment losses recognized on right-of-use assets (2021/22: none). At € 279.2 million, **adjusted EBIT** was 19.6% lower than the previous year's figure (€ 347.4 million). The adjusted EBIT margin decreased year-on-year from 7.9% to 6.0%.

Nine-month EBIT in the **HORNBACH Baustoff Union GmbH Subgroup** segment increased to € 18.3 million (2021/22: € 17.2 million). Earnings were positively influenced by sharp sales growth and by store and administration expenses rising less rapidly than sales. As in the previous year, no non-operating earnings items arose in the nine-month period. The Subgroup's adjusted EBIT therefore corresponds to its EBIT.

In the **HORNBACH Immobilien AG Subgroup** segment, nine-month EBIT stood at € 43.8 million (2021/22: € 42.6 million). Non-operating earnings items resulting from disposal gains amounted to € 0.2 million (2021/22: none). At € 43.5 million, adjusted EBIT was 2.1% above the previous year's figure (€ 42.6 million).

Financial and asset position

The **cash flow from operating** activities dropped from € 407.3 million to € 278.6 million in the first nine months of 2022/23. The change in working capital resulted in a net outflow of € 111.1 million (2021/22: outflow of € 17.3 million) which was mainly due to higher inventories, with this increase being driven both by volumes and by inflation-related factors. At € 389.7 million, funds from operations (inflow of cash from operating activities less working capital) were € 34.9 million lower than the previous year's figure (€ 424.6 million).

The **outflow of funds for investing activities** amounted to € 154.3 million (2021/22: € 225.7 million). Largely due to the company's expansion, cash-effective capital expenditure on land and buildings, plant and office equipment at new and existing stores, and intangible assets increased year-on-year from € 138.3 million to € 158.6 million in the first nine months of 2022/23. Of this total, around 60% was channeled into land and buildings. In the previous year, liquidity of € 90.1 million was also invested in short-term securities and cash investments to avoid negative interest.

The **outflow of funds for financing activities**, amounting to € 106.3 million (2021/22: € 171.3 million), includes an outgoing payment of € 210.0 million to acquire additional shares in HORNBACH Baumarkt AG in connection with the delisting purchase offer, as well as incoming payments of € 245.0 million from taking up financial loans (2021/22: € 70.0 million). The outflow of funds to pay the dividend of € 2.40 per share amounted to € 41.0 million (2021/22: € 38.8 million). Furthermore, the cash flow from financing activities also includes outflows of € 22.4 million for the repayment of financial loans (2021/22: € 127.8 million) and outflows of € 77.6 million to redeem current and non-current lease liabilities (2021/22: € 75.3 million). The free cash flow fell from € 233.0 million to € 83.3 million. Information about the HORNBACH Group's financing and investing activities can be found in the cash flow statement on Page 15.

Total assets at the HORNBACH Group grew to € 4,533.0 million as of November 30, 2022, up 5.3% compared with the balance sheet date on February 28, 2022 (€ 4,305.7 million). Key drivers of this growth were the expansion-related increase in property, plant and equipment and right-of-use assets, as well as higher inventories and cash and cash equivalents. Shareholders' equity as posted in the balance sheet amounted to € 1,947.8 million as of November 30, 2022 (February 28, 2022: € 1,761.3 million). At 43.0%, the **equity ratio** [[↪ Brief Glossary on Page 10](#)] remained very high (February 28, 2022: 40.9%). **Net financial debt** [[↪ Brief Glossary on Page 10](#)] rose slightly from € 1,356.0 million to € 1,384.6 million as of November 30, 2022. Excluding current and non-current lease liabilities pursuant to IFRS 16, net financial debt amounted to € 495.2 million as of November 30, 2022 (February 28, 2022: € 481.2 million).

On November 9, 2022, the rating agency S&P Global Ratings confirmed the credit rating for HORNBACH Baumarkt AG at BB+ with a stable outlook.

Other Disclosures

Employees

A total of 24,912 employees were in fixed employment at the HORNBACH Holding AG & Co. KGaA Group as of the reporting date on November 30, 2022 (February 28, 2022: 24,268).

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.

Forecast business performance in 2022/23

Expansion

One new DIY store with a garden center is scheduled to be opened in Leipzig (Germany) in the fourth quarter of 2022/23. The number of locations operated by the HORNBACH Baumarkt AG Subgroup is thus set to rise to 171 by the end of the financial year on February 28, 2023 (February 28, 2022: 167), of which 72 locations outside Germany.

Sales and earnings guidance

The adjusted full-year sales and earnings guidance issued on June 13, 2022 for the 2022/23 financial year remains valid without amendment. For the overall HORNBACH Holding AG & Co. KGaA Group, the management expects consolidated sales in the 2022/23 financial year to slightly exceed the level reported for the 2021/22 financial year (€ 5,875 million). Due to ongoing macroeconomic challenges, the EBIT adjusted to exclude non-operating earnings items (adjusted EBIT) of the HORNBACH Holding AG & Co. KGaA Group is expected to show a low double-digit percentage reduction compared with the level reported for the 2021/22 financial year (€ 362.6 million).

Brief Glossary of Key Performance Figures

In this Quarterly Statement we also refer to the following 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.

Sales	<p>Sales are the central management figure for the operating business and the key indicator of our success. The sales performance is reported in euros as net sales (excluding sales tax). Sales generated in countries outside the euro area in the period under report are translated using the relevant average exchange rate. Sales are a major key figure referred to when calculating the one-year variable remuneration for members of the Board of Management.</p>
Adjusted EBIT	<p>Adjusted EBIT (adjusted earnings before interest and taxes) is the Group's most important earnings figure. This corresponds to earnings before interest and taxes (EBIT) adjusted to exclude non-operating earnings items. The elimination of non-operating earnings items involves adding non-operating expenses (e.g. impairment losses on right-of-use assets, properties, or advertising-related assets) and deducting non-operating income (e.g. income from disposals of properties, income from write-ups of assets impaired in previous years). Adjusted EBIT is therefore particularly useful for management purposes and for comparing the operating earnings performance over time or in forecasts.</p>
Like-for-like sales net of currency items (change in %)	<p>The rate of change in like-for-like sales net of currency items serves to indicate the organic growth in our retail activities (stationary stores and online shops).</p> <p>The calculation of like-for-like sales is based on all DIY stores with garden centers that have been in operation for at least twelve months and on sales in the online business. By contrast, no account is taken of stores newly opened, closed, or subject to substantial conversion work in the past twelve months. Like-for-like sales are calculated without sales tax (net) and based on the local currency for the reporting period under comparison (currency-adjusted). In addition, we also calculate like-for-like sales on a euro basis and including currency items in the non-euro countries within our European store network.</p>
Gross margin	<p>The development in the gross margin offers information about our gross trading performance. This margin is defined as gross profit (net balance of sales and cost of goods sold) as a percentage of net sales. The gross margin is chiefly influenced by developments in procurement and retail prices, changes in the product mix, and currency items resulting from international procurement.</p>
Cost ratios	<p>The store expense ratio corresponds to selling and store expenses divided by net sales. Selling and store expenses involve those costs incurred in connection with operating stationary DIY stores with garden centers and online shops. These mainly involve personnel expenses, costs of premises and advertising expenses, as well as depreciation and amortization. Moreover, this item also includes general operating expenses, such as transport costs and expenses for maintenance and upkeep.</p> <p>The pre-opening expense ratio is obtained by dividing pre-opening expenses by net sales. Pre-opening expenses relate to those expenses arising at or close to the time of the construction up to the opening of new stationary DIY stores with garden centers. Pre-opening expenses mainly consist of personnel expenses, costs of premises, and administration expenses.</p> <p>The administration expense ratio corresponds to the quotient of administration expenses and net sales. General and administration expenses include all costs incurred by administration departments in connection with the operation or construction of stationary DIY stores with garden centers and with the development and operation of online retail (e-business) 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, these expenses also include project-related expenses, and in particular expenses for digitalization and interconnected retail.</p>

EBITDA	EBITDA stands for earnings before interest, taxes, depreciation, amortization and write-ups. EBITDA is calculated on the basis of EBIT and by adding depreciation and amortization recognized through profit and loss on property, plant and equipment, right-of-use assets, and intangible assets and subtracting any write-ups recognized through profit and loss on these items. This neutralizes any distortive effects resulting from different methods of depreciation and amortization and from discretionary valuation scope.
EBIT	EBIT , which stands for earnings before interest and taxes, is calculated on the basis of gross profit in euros and by subtracting expenses (store, pre-opening, and administration expenses) and adding other income/expenses. Due to its independence from different forms of financing and tax systems, EBIT is referred to when comparing earnings with those at other companies.
EBT	EBT refer to earnings before taxes in the period under report. This key figure is independent of different management systems but also includes interest items. EBT is a major key figure referred to when calculating the one-year variable remuneration for members of the Board of Management.
Equity ratio	The equity ratio is derived by dividing shareholders' equity as reported in the balance sheet (equity posted) by total capital (balance sheet total). To safeguard its financial stability and independence, HORNBACH basically aims to maintain an equity ratio that is permanently stable and high by sector standards. HORNBACH has entered into covenants towards certain debt providers that require the company to maintain an equity ratio of at least 25 %.
Net financial debt	Net financial debt is calculated as total current and non-current financial debt (including lease liabilities) less cash and cash equivalents and – where applicable – less current financial assets (financial investments).
Capital expenditure and free cash flow (FCF)	In managing its financial and asset position, the HORNBACH Holding AG & Co. KGaA Group pursues the objective of safeguarding the Group's liquidity at all times and covering the financing requirements for the Group's sustainable growth at the least possible expense. Other key management figures relevant in this respect include cash-effective capital expenditure on land, buildings, plant and office equipment for new and existing DIY stores with garden centers, and intangible assets. Here, we aim to finance capital expenditure wherever possible from the cash flow from operations to enable a free cash flow (FCF) to be generated. The FCF is calculated as the cash flow from operations plus proceeds from disposals of non-current assets and less capital expenditure and dividends paid.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Income Statement

€ million	Q3 2022/23	Q3 2021/22	Change in %	9M 2022/23	9M 2021/22	Change in %
Sales	1,546.3	1,400.8	10.4	5,009.7	4,693.2	6.7
Cost of goods sold	1,045.8	921.4	13.5	3,342.0	3,047.1	9.7
Gross profit	500.5	479.4	4.4	1,667.6	1,646.0	1.3
Selling and store expenses	380.9	355.7	7.1	1,147.2	1,063.3	7.9
Pre-opening expenses	1.3	5.9	(77.7)	4.0	12.8	(69.0)
General and administration expenses	72.2	65.5	10.3	204.6	187.3	9.3
Other income and expenses	2.8	3.6	(21.4)	13.0	10.4	24.2
Earnings before interest and taxes (EBIT)	48.9	55.9	(12.6)	324.8	393.1	(17.4)
Interest and similar income	0.7	0.1	>100	2.6	0.3	>100
Interest and similar expenses	12.7	11.0	15.7	37.1	32.8	13.0
Other financial result	(0.3)	2.4	>100	6.9	(0.2)	>100
Net financial expenses	(12.3)	(8.5)	44.9	(27.6)	(32.8)	(15.7)
Consolidated earnings before taxes	36.6	47.5	(22.8)	297.2	360.4	(17.5)
Taxes on income	10.0	9.8	1.9	73.2	86.2	(15.1)
Consolidated net income	26.7	37.7	(29.2)	224.0	274.1	(18.3)
of which: income attributable to shareholders	27.2	31.6	(14.0)	209.1	218.6	(4.3)
of which: non-controlling interest	(0.5)	6.1	>100	14.9	55.5	(73.1)
Basic/diluted earnings per share (€)	1.71	1.98	(13.8)	13.08	13.66	(4.2)

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

Balance Sheet

Assets	November 30, 2022		February 28, 2022	
	€ million	%	€ million	%
Non-current assets				
Intangible assets	29.6	0.7	20.0	0.5
Property, plant, and equipment	1,796.5	39.6	1,715.7	39.8
Investment property	27.9	0.6	26.9	0.6
Right-of-use assets	798.6	17.6	788.8	18.3
Financial assets	0.2	0.0	0.1	0.0
Other non-current receivables and assets	7.2	0.2	5.9	0.1
Deferred tax assets	21.9	0.5	21.7	0.5
	2,681.8	59.2	2,579.1	59.9
Current assets				
Inventories	1,285.1	28.4	1,230.4	28.6
Trade receivables	61.2	1.4	47.3	1.1
Contract assets	2.2	0.0	1.6	0.0
Other current assets	111.8	2.5	98.3	2.3
Income tax receivables	26.0	0.6	13.0	0.3
Cash and cash equivalents	363.3	8.0	332.3	7.7
Non-current assets held for sale and disposal groups	1.4	0.0	3.7	0.1
	1,851.2	40.8	1,726.5	40.1
	4,533.0	100.0	4,305.7	100.0

Equity and liabilities	November 30, 2022		February 28, 2022	
	€ million	%	€ million	%
Shareholders' equity				
Share capital	48.0	1.1	48.0	1.1
Capital reserve	130.4	2.9	130.4	3.0
Revenue reserves	1,644.7	36.3	1,451.9	33.7
Equity of shareholders of HORNBACH HOLDING AG & Co. KGaA	1,823.1	40.2	1,630.3	37.9
Non-controlling interest	124.7	2.8	131.0	3.0
	1,947.8	43.0	1,761.3	40.9
Non-current liabilities				
Non-current financial debt	681.0	15.0	592.5	13.8
Non-current lease liabilities	794.9	17.5	778.4	18.1
Pensions and similar obligations	3.2	0.1	12.9	0.3
Deferred tax liabilities	32.0	0.7	31.3	0.7
Other non-current liabilities	51.7	1.1	50.3	1.2
	1,562.8	34.5	1,465.4	34.0
Current liabilities				
Current financial debt	177.6	3.9	220.9	5.1
Current lease liabilities	94.5	2.1	96.4	2.2
Trade payables	362.8	8.0	409.2	9.5
Contract liabilities	48.5	1.1	52.9	1.2
Other current liabilities	152.6	3.4	106.8	2.5
Income tax liabilities	67.8	1.5	43.4	1.0
Other provisions and accrued liabilities	118.7	2.6	149.3	3.5
	1,022.5	22.6	1,079.0	25.1
	4,533.0	100.0	4,305.7	100.0

Statement of Changes in Equity

9M 2021/22 in € million	Share capital	Capital reserve	Hedging reserve	Cumulative currency translation	Other revenue reserves	Equity attributable to share- holders	Non- controlling interest	Total group equity
Balance at March 1, 2021	48.0	130.4	(0.4)	16.4	1,282.5	1,476.8	295.2	1,772.0
Consolidated net income					218.6	218.6	55.5	274.1
Actuarial changes on defined benefit plans, net after taxes					0.8	0.8	0.2	1.0
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				9.7		9.7	2.7	12.3
Total comprehensive income	0.0	0.0	0.1	9.7	219.4	229.1	58.5	287.6
Dividend distribution					(32.0)	(32.0)	(6.8)	(38.8)
Treasury stock transactions					0.1	0.1	0.2	0.4
Balance at August 31, 2021	48.0	130.4	(0.4)	26.1	1,470.0	1,674.1	347.1	2,021.2

9M 2022/23 in € million	Share capital	Capital reserve	Hedging reserve	Cumulative currency translation	Other revenue reserves	Equity attributable to share- holders	Non- controlling interest	Total group equity
Balance at March 1, 2022	48.0	130.4	(0.3)	35.8	1,416.5	1,630.3	131.0	1,761.3
Consolidated net income					209.1	209.1	14.9	224.0
Actuarial gains and losses on defined benefit plans, net after taxes					8.8	8.8	0.8	9.6
Measurement of derivative financial instruments (cash flow hedge), net after taxes			0.3			0.3	0.0	0.3
Exchange differences arising on the translation of foreign subsidiaries				12.2		12.2	1.2	13.5
Total comprehensive income	0.0	0.0	0.3	12.2	217.9	230.4	16.9	247.3
Dividend distribution					(38.4)	(38.4)	(2.6)	(41.0)
Treasury stock transactions					(0.5)	(0.5)	0.0	(0.5)
Acquisition of shares in a subsidiary with no change of control					1.3	1.3	(20.7)	(19.4)
Balance at November 30, 2022	48.0	130.4	0.0	48.0	1,596.7	1,823.1	124.7	1,947.8

Cash Flow Statement

€ million	9M 2022/23	9M 2021/22
Consolidated net income	224.0	274.1
Depreciation and amortization of property, plant, and equipment and intangible assets	79.8	74.2
Depreciation of right-of-use assets	82.0	74.5
Change in provisions	1.1	1.8
Gains/losses on disposals of non-current assets and of non-current assets held for sale	(0.8)	(1.0)
Change in inventories, trade receivables, and other assets	(95.3)	(20.5)
Change in trade payables and other liabilities	(15.8)	3.2
Other non-cash income/expenses	3.6	1.0
Cash flow from operating activities	278.6	407.3
Proceeds from disposal of non-current assets and of non-current assets held for sale	4.3	2.7
Payments for investments in property, plant, and equipment	(146.1)	(133.6)
Payments for investments in intangible assets	(12.6)	(4.7)
Repayment of securities and money investments	0.0	(90.1)
Cash flow from investing activities	(154.3)	(225.7)
Dividends paid	(41.0)	(38.8)
Proceeds from taking up long-term debt	245.0	70.0
Repayment of long-term debt	(22.4)	(127.8)
Repayment of current and non-current lease liabilities	(77.6)	(75.3)
Payments for transaction costs	(0.3)	0.0
Change in level of shareholding in subsidiary with no change in control	(210.0)	0.0
Change in current financial debt	0.0	0.6
Cash flow from financing activities	(106.3)	(171.3)
Cash-effective change in cash and cash equivalents	18.0	10.4
Change in cash and cash equivalents due to changes in exchange rates	1.5	1.5
Cash and cash equivalents at March 1	332.3	435.0
Cash and cash equivalents at November 30	351.8	446.9

Segment Report

9M 2022/23 in € million 9M 2021/22 in € million	HORNBACH Baumarkt AG Subgroup	HORNBACH Baustoff Union GmbH Subgroup	HORNBACH Immobilien AG Subgroup	Central Functions	Consolidation adjustments	HORNBACH HOLDING AG & Co. KGaA Group
Segment sales	4,667.1	343.2	61.4	0.0	(62.1)	5,009.7
	4,385.0	307.2	59.6	0.0	(58.6)	4,693.2
Sales to third parties	4,666.0	341.1	0.0	0.0	0.0	5,007.1
	4,383.9	307.0	0.0	0.0	0.0	4,690.9
Sales to affiliated companies	0.0	2.1	0.0	0.0	(2.1)	0.0
	0.0	0.1	0.0	0.0	(0.1)	0.0
Rental income from third parties	1.1	0.1	1.4	0.0	0.0	2.6
	1.0	0.1	1.1	0.0	0.0	2.2
Rental income from affiliated companies	0.0	0.0	60.1	0.0	(60.1)	0.0
	0.0	0.0	58.4	0.0	(58.4)	0.0
EBIT	276.9	18.3	43.8	(4.2)	(9.8)	324.8
	347.4	17.2	42.6	(4.6)	(9.4)	393.1
Depreciation and amortization	189.5	7.3	12.9	0.0	(47.9)	161.8
	175.7	6.9	13.0	0.0	(47.0)	148.7
Segment earnings (adjusted EBIT)	279.2	18.3	43.5	(4.2)	(10.4)	326.3
	347.4	17.2	42.6	(4.6)	(9.4)	393.1
EBITDA	466.4	25.5	56.7	(4.2)	(57.7)	486.6
	523.0	24.1	55.7	(4.6)	(56.4)	541.8
Segment assets	4,193.6	254.9	452.3	22.3	(438.0)	4,485.1
	3,999.3	218.1	441.4	43.9	(457.0)	4,245.7

Reconciliation in € million	9M 2022/23	9M 2021/22
Segment earnings (adjusted EBIT)	326.3	393.1
Non-operating items	(1.5)	0.0
Net financial expenses	(27.6)	(32.8)
Consolidated earnings before taxes	297.2	360.4

FINANCIAL CALENDAR

December 22, 2022	Quarterly Statement Q3 2022/23 as of November 30, 2022
March 23, 2023	Trading Statement 2022/23 as of February 28, 2023
May 16, 2023	Annual Report 2022/23 as of February 28, 2023 Annual Results Press Conference for Financial Year 2022/23 Analysts' Conference of HORNBACH Holding AG & Co. KGaA
June 23, 2023	Quarterly Statement Q1 2023/24 as of May 31, 2023
July 7, 2023	Annual General Meeting of HORNBACH Holding AG & Co. KGaA

Updates at: <https://www.hornbach-holding.de/en/investor-relations/financial-calendar/>

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DISCLAIMER

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