HALF-YEAR FINANCIAL REPORT

HORNBACH Holding AG & Co. KGaA Group

H1 2023/24

(MARCH 1 – AUGUST 31, 2023)

HORNBACH Holding

HORNBACH HOLDING AG & CO. KGaA GROUP

Half-Year Financial Report 2023/24 (March 1 – August 31, 2023)

Key figures of the HORNBACH HOLDING AG & Co. KGaA Group (in € million, unless otherwise stated)	Q2 2023/24	Q2 2022/23	Change in %	6M 2023/24	6M 2022/23	Change in %
Net sales	**1,667.9**	**1,649.9**	**1.1**	**3,441.3**	**3,463.3**	**(0.6)**
of which: in Germany	859.8	864.2	(0.5)	1,771.2	1,822.4	(2.8)
of which: in other European countries	808.1	785.7	2.8	1,670.2	1,641.0	1.8
Like-for-like sales growth (DIY)[1]	1.0%	(1.7)%		(1.3)%	1.9%	
Gross margin as % of net sales	33.0%	33.2%		33.3%	33.7%	
EBITDA	166.3	182.4	(8.8)	331.3	384.6	(13.8)
EBIT	**92.1**	**127.4**	**(27.7)**	**202.0**	**275.9**	**(26.8)**
Adjusted EBIT[2]	**111.9**	**129.1**	**(13.3)**	**221.3**	**277.4**	**(20.2)**
Consolidated earnings before taxes	80.7	119.4	(32.4)	174.7	260.6	(32.9)
Consolidated net income[3]	62.6	90.4	(30.8)	133.6	197.3	(32.3)
Basic/diluted earnings per share (€)	3.69	5.22	(29.3)	7.83	11.37	(31.1)
Capital expenditure (CAPEX)	40.5	61.9	(34.5)	91.7	114.2	(19.8)

Misc. key figures of the HORNBACH HOLDING AG & Co. KGaA Group (in € million, unless otherwise stated)	August 31, 2023	February 28, 2023	Change in %
Total assets	4,473.3	4,725.8	(5.3)
Shareholders' equity	1,973.8	1,897.1	4.0
Shareholders' equity as % of total assets	44.1%	40.1%	
Number of employees[4]	25,205	25,118	0.3

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

Key sales and earnings figures stabilize in Q2

- **HORNBACH Group increases consolidated sales by 1.1% to € 1,667.9 million in second quarter (Q2) of 2023/24**
  - **Net sales at HORNBACH Baumarkt Subgroup: +1.9%**
  - **Net sales at HORNBACH Baustoff Union Subgroup: -9.4%**
- **Due to subdued start to spring season on account of weather conditions, net sales of € 3,441.3 million in first half (H1) of 2023/24 fall slightly short of previous year's figure (-0.6%)**
- **Adjusted operating earnings (EBIT) of € 111.9 million in Q2 (-13.3%) and € 221.3 million in H1 (-20.2%)**
- **Full-year guidance for 2023/24 adjusted on September 15, 2023: Net sales at or slightly below previous year's level and reduction of 10% to 25% in adjusted EBIT**

Despite ongoing high inflation and increased travel activity, customer demand for construction and home improvement products remained stable in the summer months. Higher customer footfall at stationary stores was countered by slightly lower average spends per customer. Consolidated sales grew by 1.1% in the second quarter (Q2) of 2023/24 (June 1 to August 31, 2023). Notwithstanding the subdued start to the spring season, in the first half (H1) the HORNBACH Group generated sales of € 3,441.3 million and thus almost matched the previous year's figure (2022/23: € 3,463.3 million). Sales at HORNBACH Baumarkt AG, the largest operating Subgroup, grew by 1.9% in Q2 and by 1.0% on a like-for-like basis net of currency items. Sales at the HORNBACH Baustoff Union Subgroup contracted by 9.4%, reflecting weak developments in Germany's construction industry.

The HORNBACH Group's operating earnings excluding non-operating earnings items (adjusted EBIT) decreased by 13.3% to € 111.9 million in Q2 2023/24 (2022/23: € 129.1 million). At € 221.3 million, adjusted EBIT in H1 2023/24 thus fell 20.2% short of the previous year's figure (2022/23: € 277.4 million). The adjusted EBIT margin amounted to 6.4% in H1 2023/24 (2022/23: 8.0%). Earnings per share stood at € 7.83 and were thus 31.1% lower than in the previous year (2022/23: € 11.37).

To account for the significant deterioration in the economic outlook for Germany and the EU, with prolonged inflation, rising interest rates, and persistently weak consumer sentiment, the guidance for the 2023/24 financial year was adjusted on September 15, 2023. For the 2023/24 financial year, net sales are now expected to match or fall slightly short of the previous year's level (previously: at around the previous year's level). Adjusted EBIT is expected to fall -10% to -25% short of the figure of € 290.1 million reported for the 2022/23 financial year (previously: -5% to -15%).

Macroeconomic and Sector-Specific Framework

The macroeconomic climate in the first half of our 2023/24 financial year (March 1 to August 31, 2023) was shaped by inflation rates which, despite beginning to fall, remained high. The annual **inflation rate** in the euro area (HICP) stood at 5.2% in August 2023 (March: 6.9%), while inflation in the EU 27 countries amounted to 5.9% (March 2023: 8.3%). In Germany, the inflation rate (CPI) amounted to 6.1% in August (March: 7.4%). In most European countries, wage and salary growth has fallen short of inflation, leading to reduced purchasing power among private households. Due to payments of the inflation compensation premium and the raising of the minimum wage in the previous year, Germany witnessed slight real-term pay growth of 0.1% in the second quarter of the calendar year.

According to Eurostat, **gross domestic product** in the European Union (EU 27) grew year-on-year by 1.2% in Q1 of the 2023 calendar year and matched the previous year's level in Q2 2023. In Germany, GDP showed slight growth of 0.1% in Q1, but fell by 0.6% in Q2 2023. Price-adjusted private consumer spending in Germany decreased year-on-year by 1.2% in Q2 2023 (Q1 2023: +0.2%).

Output in the construction industry in the EU 27 rose year-on-year by 0.4% in Q1 2023 and fell by 0.2% in Q2. In Germany, output contracted year-on-year by 2.0% in Q1 2023 and showed a further reduction of 0.9% in Q2 2023. Residential building permits in Germany fell by 27.2% in the first half of 2023. The increased cost of construction and increasingly poor financing terms are still viewed as the main factors driving the reduction in the number of construction projects.

According to Eurostat, **retail sales** (excluding motor vehicle retail; in real terms) adjusted for calendar-related factors in the EU 27 fell by 2.5% in Q1 2023. In Q2 2023, the retail sector reported a further contraction of 2.2%. Internet and mail order sales in the EU 27 fell by 6.1% in Q1 2023 and by 2.5% in Q2 2023. Sales in the German retail sector showed a real-term reduction of 4.5% in the first half of the 2023 calendar year.

GDP growth rates and inflation in countries in which HORNBACH operates

Source: Eurostat (calendar year figures)	GDP change (%) on previous year's quarter		Rate of inflation (%) based on HICP	
	Q1 2023	Q2 2023	March 2023	August 2023
Germany	**0.1**	**(0.6)**	**7.8**	**6.4**
Austria	1.9	(1.1)	9.2	7.5
Czech Republic	(0.1)	(1.0)	16.5	10.1
Luxembourg	(0.4)	nn	2.9	3.5
Netherlands	1.9	(0.3)	4.5	3.4
Romania	2.4	1.1	12.2	9.3
Slovakia	1.0	1.5	14.8	9.6
Sweden	1.5	(1.4)	8.1	4.5
Switzerland	1.5	0.5	2.7	1.9
Euro area (EA 20)	**1.4**	**0.1**	**6.9**	**5.2**
EU 27	**1.2**	**0.0**	**8.3**	**5.9**

Based on figures released by the GfK, German **DIY stores and garden centers** reported a nominal year-on-year reduction in aggregate gross sales of 2.3% to € 11.25 billion in the first half of the 2023 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 also fell by 2.3% in the period from January to June 2023.

According to the GfK, gross sales at DIY stores and garden centers in the Netherlands grew by 7.9% in the first half of the 2023 calendar year. In Austria, sales at DIY stores and garden centers showed a slight decline of 1.4%, while the Czech Republic and Switzerland reported reductions of 3.7% and 4.2% respectively. No data is available for Luxembourg, Romania, Slovakia, or Sweden.

Sales at DIY stores and garden centers in Germany (calendar year)

Source: GfK Total Store Report Deutschland	1st Quarter 2022	2nd Quarter 2022	**1st Half 2022**	1st Quarter 2023	2nd Quarter 2023	**1st Half 2023**
Gross sales (€ billion)	4.91	6.60	11.52	4.56	6.69	11.25
Nominal year-on-year change (%)	+42.4	+0.4	+14.9	(7.2)	1.4	(2.3)
Like-for-like year-on-year change (%)	+41.0	(0.2)	+14.3	(7.0)	1.2	(2.3)

Earnings, Financial, and Asset Position

Impact of Macroeconomic Conditions

Faced with ongoing high inflation, rising borrowing costs, and the subdued economic climate, DIY customers were more reluctant to make purchases, particularly of higher-priced product ranges, in the first half of the financial year. House construction plans were postponed, while the renovation of existing living space remained a key priority. Customer footfall at HORNBACH's stationary stores increased compared with the previous year's period, while average spends decreased slightly. Consistent with developments in online retail as a whole, HORNBACH's online shops witnessed a reduction in order figures. These nevertheless remained significantly higher than prior to the pandemic.

Seasonal and Calendar-Related Factors

Impact of weather conditions

In the first quarter, the start to the spring season in the countries in which the HORNBACH Group operates was severely impeded by unusually cold and rainy weather in March and April. This had a significant negative impact on demand for garden products in particular in these months. From May, sunny weather then influenced sales positively, especially in the garden division. The summer months of 2023 were once again warmer and sunnier than average in the countries in which we operate.

Number of business days

There was an average of 0.7 business days fewer in the first half of the 2023/24 financial year (March 1 to August 31, 2023) than in the equivalent period in the previous year. The arithmetic calendar-related impact at the Group came to minus 1.5 business days in Q1 and plus 0.8 business days in Q2.

Sales Performance of the HORNBACH Group

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

In the second quarter of the 2023/24 financial year (June 1 to August 31, 2023), net sales at the HORNBACH Group grew by 1.1% to € 1,667.9 million (2022/23: € 1,649.9 million). At € 3,441.3 million, sales for the first six months were 0.6%, and thus slightly, lower than the previous year's figure (2022/23: € 3,463.3 million).

HORNBACH Baumarkt AG Subgroup

Development in HORNBACH's store network

The HORNBACH Baumarkt AG Subgroup opened one new DIY store with a garden center in Nijmegen (Netherlands) in the first half of 2023/24. As of August 31, 2023, the Subgroup operated 172 retail outlets (February 28, 2023: 171) with total sales areas of 2.1 million m². Of these, 99 stores are in Germany and 73 in Other European Countries.

Sales performance in 2nd quarter of 2023/24

Net sales at the HORNBACH Baumarkt AG Subgroup rose by 1.9% to € 1,560.4 million in the period from June 1 to August 31, 2023 (2022/23: € 1,531.5 million). Net sales in Germany grew by 0.9% to € 755.0 million (2022/23: € 748.5 million). In the Other European Countries region, quarterly net sales rose year-on-year by 2.9% to € 805.4 million (2022/23: € 783.0 million).

On a like-for-like basis and net of currency items [↳ Brief Glossary on Page 11], consolidated sales increased by 1.0% in Q2 2023/24 (2022/23: -1.7%). Including currency items for non-euro countries, namely the Czech Republic, Romania, Sweden, and Switzerland, Subgroup-wide like-for-like sales were 1.2% ahead of the previous year's level in Q2 2023/24. In Germany, like-for-like sales grew by 0.3% in Q2 2023/24 (2022/23: -2.9%). Other European Countries reported like-for-like sales growth of 1.6% in the period from June to August 2023 (2022/23: -0.6%); including currency items, sales rose by 2.0% (2022/23: +1.0%).

Like-for-like sales performance of HORNBACH DIY stores and garden centers (DIY) [1)]
(in percent)

Financial year	1st Quarter	2nd Quarter	1st Half
HORNBACH Baumarkt AG Subgroup: 2023/24	**(3.2)**	**1.0**	**(1.3)**
HORNBACH Baumarkt AG Subgroup: 2022/23	5.3	(1.7)	1.9
Germany: 2023/24	**(5.7)**	**0.3**	**(2.9)**
Germany: 2022/23	4.4	(2.9)	0.9
Other European Countries: 2023/24	**(0.8)**	**1.6**	**0.3**
Other European Countries: 2022/23	6.2	(0.6)	2.9

1) Excluding currency items

Sales performance in 1st half of 2023/24

At € 3,228.1 million, net sales at the HORNBACH Baumarkt AG Subgroup in the period under report from March 1 to August 31, 2023 were almost at the same level (-0.3%) as in the previous year's period (2022/23: € 3,236.8 million). On a like-for-like basis, consolidated sales net of currency items decreased by 1.3% in the first half (2022/23: +1.9%); including currency items, they fell by 1.1%. Online sales (including click & collect) dropped year-on-year by 11.5% to € 425.0 million. Online sales therefore accounted for 13.2% of total sales in the first half of 2023/24 (2022/23: 14.8%) and nevertheless remained significantly higher than prior to the pandemic in the 2019/20 financial year (9.8%).

- In **Germany**, net sales fell by 2.4% to € 1,563.5 million in the first half of the financial year (2022/23: € 1,601.7 million). On a like-for-like basis, the reduction in sales amounted to 2.9% (2022/23: +0.9%). The market share calculated by the GfK for the period from January to July 2023 stood at 14.8% (2022/23: 14.7%).

  In Kundenmonitor Deutschland, the most prestigious consumer survey in the German retail sector, HORNBACH was ranked second for "Overall satisfaction" in 2023. Customers awarded us the best marks in major individual criteria, such as "Product range selection and variety", "Merchandise and product quality", "Private label quality", and "Services offered", as well as in all criteria relating to the website and the online shop.

- In the **Other European Countries region**, where we pool our retail activities in eight countries outside Germany, we achieved net sales growth of 1.8% to € 1,664.6 million in the first half of the financial year (2022/23: € 1,635.1 million). The international share of sales thus rose from 50.5% to 51.6%. Like-for-like sales grew by 0.3% excluding currency items (2022/23: +2.9%) and by 0.7% including currency items (2022/23: +4.4%). Based on GfK calculations, in the period from January to July 2023 HORNBACH managed to expand its market share to 26.5% in the Netherlands (2022/23: 25.3%), to 13.9% in Switzerland (2022/23: 13.3%), and to 36.1% in the Czech Republic (2022/23: 34.0%). At 17.5%, HORNBACH's market share in Austria fell slightly short of the previous year's figure (2022/23: 17.9%).

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, operated a total of 38 builders' merchant outlets in south-western Germany and at two locations close to the border in France (Grand Est) as of August 31, 2023. In the first half of 2023, the location at Saarbrücken Gersweiler (Germany) was split between two locations. This led to the addition of one location compared with February 28, 2023.

Due to weak developments in the construction sector, the HBU Subgroup's sales fell by 9.4% to € 107.5 million in the second quarter of 2023/24 (2022/23: € 118.6 million). On a cumulative basis for the six-month period, sales decreased by 6.0% to € 212.9 million (2022/23: € 226.6 million).

Earnings Performance

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

2nd quarter of 2023/24

- Gross profit showed a slight increase of 0.8% to € 551.2 million (2022/23: € 547.0 million). The **gross margin**, i.e. gross profit as a percentage of net sales [↳ Brief Glossary on Page 11], amounted to 33.0% (2022/23: 33.2%).
- **Selling and store expenses** rose by 7.6% to € 389.8 million (2022/23: € 362.3 million). Due to the Group's expansion, as well as to pay rises and inflation compensation payments, store personnel expenses grew by 6.2%. Quarterly operating expenses fell year-on-year by 9.7%, a reduction due among other factors to lower energy expenses and refunds of electricity and gas installments, which were previously too high. Advertising expenses increased by 16.6% compared with the previous year's period. Given impairment losses recognized on right-of-use assets, real estate, and software, depreciation and amortization rose by 42.7%. Overall, the store expenses ratio [↳ Brief Glossary on Page 11] increased from 22.0% to 23.4%. **Pre-opening expenses** rose from € 1.0 million to € 1.6 million while, as in the previous year, the pre-opening expense ratio [↳ Brief Glossary on Page 11] stood at 0.1%. Driven in particular by the implementation of technology-related projects, salary adjustments, and inflation compensation payments, **general and administration expenses** rose by 16.3% to € 72.9 million (2022/23: € 62.7 million). The administration expense ratio [↳ Brief Glossary on Page 11] thus increased from 3.8% to 4.4%.
- Earnings before interest, taxes, depreciation, and amortization (**EBITDA**) [↳ Brief Glossary on Page 12] decreased by 8.8% to € 166.3 million in the second quarter of 2023/24 (2022/23: € 182.4 million).
- The HORNBACH Group's operating earnings (**EBIT**) amounted to € 92.1 million (2022/23: € 127.4 million). Non-operating charges on earnings amounting to € 19.8 million arose in Q2 2023/24 (2022/23: € 1.7 million). This figure includes impairment losses of € 22.7 million recognized on right-of-use assets, real estate, and software, as well as write-ups of € 2.9 million on right-of-use assets. EBIT adjusted to exclude non-operating earnings items (**adjusted EBIT**) [↳ Brief Glossary on Page 12] fell by 13.3% to € 111.9 million (2022/23: € 129.1 million). The adjusted EBIT margin stood at 6.7% (2022/23: 7.8%).
- **Net financial expenses** amounted to € -11.5 million (2022/23: € -8.0 million). The figure for the previous year's quarter included positive currency items of € 3.6 million. In Q2 2022/23, currency items were positive at € 0.2 million. As in the previous year, net interest expenses amounted to € 11.6 million.
- Consolidated earnings before taxes (**EBT**) [↳ Brief Glossary on Page 12] fell year-on-year by 32.4% to € 80.7 million (2022/23: € 119.4 million).
- Based on a tax rate of 22.4% (2022/23: 24.2%), the **consolidated net income** of € 62.6 million fell 30.8% short of the previous year's figure (2022/23: € 90.4 million). Second-quarter **earnings per share** stood at € 3.69 (2022/23: € 5.22).

1st half of 2023/24

- At € 1,147.2 million, gross profit was 1.7% lower than the figure for the previous year's period (2022/23: € 1,167.2 million). The **gross margin** eased from 33.7% to 33.3%, a development principally due to higher procurement prices and transport expenses, which were not fully offset by adjusting retail prices.
- **Selling and store expenses** rose by 4.7% to € 802.6 million in the period under report (2022/23: € 766.3 million). Due to the Group's expansion, pay rises, and inflation compensation payments, store personnel expenses increased by 5.6%, while store operating expenses decreased by 6.5%. Advertising expenses rose by 6.2% in the half-year period while, on account of the impairment losses recognized in the second quarter, depreciation and amortization increased by 22.7%. Overall, the store expense ratio rose from 22.1% to 23.3%. **Pre-opening expenses** amounted to € 3.7 million (2022/23: € 2.6 million). As in the previous year, the pre-opening expense ratio stood at 0.1%. **General and administration expenses** grew by 12.0% to € 148.4 million (2022/23: € 132.4 million), with the administration expense ratio thus rising from 3.8% to 4.3%.
- **EBITDA** fell by 13.8% to € 331.3 million (2022/23: € 384.6 million).
- The HORNBACH Group's **EBIT** for the first six months of 2023/24 amounted to € 202.0 million and thus fell 26.8% short of the previous year's figure (2022/23: € 275.9 million). Non-operating charges on earnings of € 19.3 million arose in the period under report (2022/23: € 1.5 million). These include impairment losses of € 22.7 million (2022/23: € 1.7 million) recognized on right-of-use assets, real estate, and software, as well as write-ups of right-of-use assets and disposal gains totaling € 3.3 million. EBIT adjusted to exclude non-operating earnings items (**adjusted EBIT**) decreased by 20.2% to € 221.3 million (2022/23: € 277.4 million). The adjusted EBIT margin stood at 6.4% (2022/23: 8.0%).
- **Net financial expenses** fell from € -15.3 million to € -27.3 million, a development mainly due to negative currency items of € 3.6 million (2022/23: positive currency items of € 7.1 million). At € -23.7 million, net interest expenses were also slightly lower than in the previous year (2022/23: € -22.5 million).
- At € 174.7 million, **consolidated earnings before taxes** fell 32.9% short of the previous year's figure (2022/23: € 260.6 million). The tax ratio eased slightly from 24.3% to 23.5%. **Consolidated net income** including minority interests dropped by 32.3% to € 133.6 million (2022/23: € 197.3 million). **Earnings per share** for the first half of 2023/24 amounted to € 7.83 (2022/23: € 11.37).

Earnings performance in the first half of 2023/24 by segment

At the **HORNBACH Baumarkt AG Subgroup**, operating earnings (EBIT) amounted to € 171.8 million in the first half of 2023/24 (2022/23: € 242.9 million). Mainly due to impairments of right-of-use assets, non-operating charges on earnings amounting to € 23.3 million arose in the first half of 2023/24 (2022/23: € 2.3 million). At € 195.1 million, adjusted EBIT was 20.4% lower than the previous year's figure (€ 245.2 million). The adjusted EBIT margin decreased year-on-year from 7.6% to 6.0%.

Six-month EBIT at the **HORNBACH Baustoff Union GmbH Subgroup** fell to € 6.6 million (2022/23: € 13.7 million). This was mainly due to lower sales on account of weak developments in the construction sector together with a lower gross margin. As in the previous year, no non-operating earnings items arose in the first half of the year. The Subgroup's adjusted EBIT therefore corresponds to its EBIT.

The **HORNBACH Immobilien AG Subgroup** generated six-month EBIT of € 32.8 million (2022/23: € 28.5 million). No non-operating earnings items arose in the period under report (2022/23: disposal gains of € 0.2 million). Adjusted EBIT therefore corresponds to EBIT. Driven by higher rental income due to inflation and the Group's expansion, as well as by lower operating expenses, the EBIT of € 32.8 million was 15.7% higher than the previous year's figure (2022/23: € 28.3 million).

Financial and Asset Position

Financial position

The **cash flow from operating activities** fell from € 253.2 million in the first half of the previous year to € 122.6 million in H1 2023/24. The change in working capital resulted in a net outflow of € 139.2 million (2022/23: € 58.5 million), which mainly resulted from liabilities to suppliers in particular being reduced in the first quarter. Due to the reduction in consolidated net income, funds from operations (cash flow from operating activities excluding working capital effects) decreased from € 311.7 million to € 261.7 million.

The **outflow of funds for investing activities** amounted to € 117.7 million (2022/23: € 110.3 million). This figure includes cash-effective **capital expenditure** of € 91.7 million (2022/23: € 114.2 million) on land and buildings, plant and office equipment at new and existing stores, and intangible assets (mainly software). At € 49.9 million, around 54% of capital expenditure involved land and buildings (2022/23: € 71.0 million), while € 37.4 million related to plant and office equipment at new and existing stores (2022/23: € 34.0 million) and € 4.4 million to intangible assets, mainly software (2022/23: € 9.5 million). Furthermore, an amount of € 30 million was invested in short-term fixed deposits.

The **outflow of funds for financing activities** amounted to € 91.4 million in the first half (2022/23: € 64.0 million). This figure mainly comprises dividend payments of € 40.6 million (2022/23: € 40.9 million), inflows of € 38.3 million from the taking up of financial loans (2022/23: € 245.4 million), outflows of € 28.1 million for repayments of financial loans (2022/23: € 18.2 million), as well as outflows of € 54.3 million for the repayment of current and non-current lease liabilities (2022/23: € 52.8 million). After the dividend, the free cash flow (excluding fixed-term deposits) [↳ Brief Glossary on Page 12] amounted to € -5.8 million (2022/23: € 102.0 million). Information about the financing and investing activities of the HORNBACH Group can be found in the cash flow statement on Page 17.

Asset position

Total assets decreased to € 4,473.3 million as of August 31, 2023, down 5.3% compared with the balance sheet date on February 28, 2023. This was principally due to reductions in inventories (€ -190.5 million) and the settlement of liabilities. Shareholders' equity as posted in the balance sheet rose to € 1,973.8 million, up 4.0% on the previous balance sheet date. The **equity ratio** [↳ Brief Glossary on Page 12] rose to 44.1% (February 28, 2023: 40.1%) and remains at a high level. **Net financial debt** [↳ Brief Glossary on Page 12] including current and non-current lease liabilities pursuant to IFRS 16 rose to € 1,403.4 million, up from € 1,343.3 million at the previous balance sheet date. Excluding current and non-current lease liabilities pursuant to IFRS 16, the Group reported net financial debt of € 518.7 million as of August 31, 2023 (February 28, 2023: € 415.9 million)

Other Disclosures

Changes in Board of Management

In addition to his activities as Chief Executive Officer of HORNBACH Baumarkt AG, Erich Harsch has since June 1, 2023 also been a member of the Board of Management of HORNBACH Management AG. He is appointed to these positions through to May 31, 2028.

Employees

A total of 25,205 employees were in fixed employment at the HORNBACH Holding AG & Co. KGaA Group as of the reporting date on August 31, 2023 (February 28, 2023: 25,118).

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 reported in detail on the risks and opportunities involved in the future business activities of the HORNBACH Holding AG & Co. KGaA Group in the Risk Report and the Opportunity Report in the 2022/23 Group Management Report (Page 95 onwards of the Annual Report). This basic assessment of the risk situation and of the Group's medium and long-term opportunities had not changed materially upon the publication of this Half-Year Financial Report.

Outlook

Macroeconomic and Sector-Specific Framework

We presented our forecast of the macroeconomic and sector-specific framework in the 2022/23 Group Management Report of the HORNBACH Holding AG & Co. KGaA Group (Pages 106 and 107 of the Annual Report). As the year has progressed, the macroeconomic climate has deteriorated in the EU, and in Germany in particular.

Growth forecasts for the European Union, and for Germany in particular, were corrected downwards in September. Slight growth in gross domestic product is expected for the EU (EU Commission forecast: 0.8%). Economic output in Germany, by contrast, is expected to contract in the 2023 calendar year (EU Commission forecast: -0.4%). This is due in particular to weaker developments in the industrial sector, the crisis in the construction sector, and falling consumer spending. Inflation rates in Germany and the EU were decreasing, but still remained higher than expected. To contain inflation, the European Central Bank raised the base rate by a further 25 basis points in September 2023. Given macroeconomic uncertainties, consumer sentiment in Germany and Europe remained persistently low.

Upon the preparation of this Half-Year Financial Report, collective pay negotiations for retail sector employees in Germany were still underway. These are only expected to be continued in October 2023. Personnel expenses are nevertheless only expected to have a limited impact in the current financial year, not least on account of the inflation premiums already paid.

Forecast Business Performance of the HORNBACH Group in 2023/24

Expansion
No further new store openings are planned for the second half of the financial year. Our store in Nuremberg will be closed in December 2023 and replaced by a larger store newly built at the same site. The reopening is scheduled for early 2025. The HORNBACH Baumarkt AG Subgroup is thus expected to operate 171 locations at the end of the financial year on February 29, 2024 (February 28, 2023: 171), of which 73 locations in Other European Countries.

Sales and earnings guidance
The full-year sales and earnings guidance for 2023/24 was amended on September 15, 2023.

Given the significant deterioration in the macroeconomic outlook for Germany and the EU, as well as higher than expected inflation, rising interest rates, and weak consumer sentiment, any further recovery in key sales and earnings figures in the second half of the financial year is viewed as increasingly unlikely. For the 2023/24 financial year, the company now expects to generate net sales at or slightly below the previous year's level of € 6,263 million (previously: at around the previous year's level). Adjusted EBIT is now expected to fall -10% to -25% short of the figure of € 290.1 million reported for the 2022/23 financial year (previously: -5% to -15%).

Brief Glossary of Key Performance Figures

In this Half-Year Financial Report 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	**Sales** are the central management figure for the operating business and a key indicator of our success with customers. 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.
Adjusted EBIT	**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.
Like-for-like sales net of currency items (change in %)	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). 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.
Gross margin	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.
Cost ratios	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. 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. 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.

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 on 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** refers 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** presents shareholders' equity as a percentage of total capital (total assets). 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 and debt ratio	**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 (CAPEX). 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	Q2 2023/24	Q2 2022/23	Change in %	6M 2023/24	6M 2022/23	Change in %
Sales	1,667.9	1,649.9	1.1	3,441.3	3,463.3	(0.6)
Cost of goods sold	1,116.7	1,102.9	1.2	2,294.1	2,296.2	(0.1)
Gross profit	**551.2**	**547.0**	**0.8**	**1,147.2**	**1,167.2**	**(1.7)**
Selling and store expenses	389.8	362.3	7.6	802.6	766.3	4.7
Pre-opening expenses	1.6	1.0	59.1	3.7	2.6	40.3
General and administration expenses	72.9	62.7	16.3	148.4	132.4	12.0
Other income and expenses	5.3	6.3	(16.3)	9.5	10.1	(6.6)
Earnings before interest and taxes (EBIT)	**92.1**	**127.4**	**(27.7)**	**202.0**	**275.9**	**(26.8)**
Interest and similar income	2.4	1.6	48.6	3.6	1.9	87.6
Interest and similar expenses	14.0	13.2	6.3	27.3	24.4	11.9
Other financial result	0.2	3.6	(95.8)	(3.6)	7.1	>100
Net financial expenses	**(11.5)**	**(8.0)**	**43.4**	**(27.3)**	**(15.3)**	**77.8**
Consolidated earnings before taxes	**80.7**	**119.4**	**(32.4)**	**174.7**	**260.6**	**(32.9)**
Taxes on income	18.1	28.9	(37.5)	41.1	63.2	(35.0)
Consolidated net income	**62.6**	**90.4**	**(30.8)**	**133.6**	**197.3**	**(32.3)**
of which: income attributable to shareholders	58.9	83.6	(29.5)	125.2	181.9	(31.2)
of which: non-controlling interests	3.7	6.9	(46.3)	8.4	15.5	(45.8)
Basic/diluted earnings per share (€)	**3.69**	**5.22**	**(29.3)**	**7.83**	**11.37**	**(31.1)**

Statement of Comprehensive Income

€ million	Q2 2023/24	Q2 2022/23	6M 2023/24	6M 2022/23
Consolidated net income	**62.6**	**90.4**	**133.6**	**197.3**
Actuarial gains and losses on defined benefit plans	(2.7)	5.9	(3.7)	13.7
Deferred taxes on actuarial gains and losses on defined benefit plans	0.4	(1.0)	0.6	(2.1)
Other comprehensive income that will not be recycled at a later date	**(2.3)**	**4.9**	**(3.2)**	**11.5**
Measurement of derivative financial instruments (cash flow hedge)				
Measurement of derivative hedging instruments directly in equity [1]	0.0	0.2	0.0	0.3
Gains and losses from measurement of derivative financial instruments transferred to profit or loss	0.0	0.0	0.0	0.1
Exchange differences arising on the translation of foreign subsidiaries	(0.3)	11.5	(2.4)	15.3
Deferred taxes on gains and losses recognized directly in equity	0.0	0.0	0.0	(0.1)
Other comprehensive income that will possibly be recycled at a later date	**(0.3)**	**11.7**	**(2.4)**	**15.6**
Total comprehensive income	**60.1**	**107.0**	**128.0**	**224.4**
of which: attributable to shareholders	56.5	99.1	119.7	207.0
of which: attributable to non-controlling interest	3.6	7.9	8.3	17.5

[1] 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, 2023		February 28, 2023	
	€ million	%	€ million	%
Non-current assets				
Intangible assets	23.4	0.5	24.3	0.5
Property, plant, and equipment	1,838.1	41.1	1,806.1	38.2
Investment property	25.9	0.6	25.9	0.5
Right-of-use assets	760.3	17.0	819.6	17.3
Financial assets	0.2	0.0	0.2	0.0
Other non-current receivables and assets	7.2	0.2	6.8	0.1
Deferred tax assets	39.2	0.9	35.1	0.7
	2,694.3	**60.2**	**2,718.0**	**57.5**
Current assets				
Inventories	1,191.8	26.6	1,382.3	29.3
Current financial assets	30.3	0.7	0.0	0.0
Trade receivables	56.1	1.3	57.2	1.2
Contract assets	1.6	0.0	2.0	0.0
Other current assets	115.1	2.6	105.4	2.2
Income tax receivables	33.5	0.7	20.9	0.4
Cash and cash equivalents	349.2	7.8	437.0	9.2
Non-current assets held for sale and disposal groups	1.4	0.0	2.9	0.1
	1,779.0	**39.8**	**2,007.8**	**42.5**
	4,473.3	**100.0**	**4,725.8**	**100.0**

Equity and liabilities	August 31, 2023		February 28, 2023	
	€ million	%	€ million	%
Shareholders' equity				
Share capital	47.8	1.1	48.0	1.0
Capital reserve	130.5	2.9	130.5	2.8
Revenue reserves	1,675.1	37.4	1,596.9	33.8
Equity of shareholders of HORNBACH HOLDING AG & Co. KGaA	1,853.4	41.4	1,775.4	37.6
Non-controlling interests	120.4	2.7	121.7	2.6
	1,973.8	**44.1**	**1,897.1**	**40.1**
Non-current liabilities				
Non-current financial debt	575.7	12.9	552.1	11.7
Non-current lease liabilities	784.2	17.5	826.6	17.5
Pensions and similar obligations	3.4	0.1	0.1	0.0
Deferred tax liabilities	31.5	0.7	33.6	0.7
Other non-current liabilities	52.2	1.2	50.0	1.1
	1,447.0	**32.3**	**1,462.5**	**30.9**
Current liabilities				
Current financial debt	292.2	6.5	300.7	6.4
Current lease liabilities	100.5	2.2	100.8	2.1
Trade payables	267.3	6.0	384.7	8.1
Liabilities for reverse factoring program	0.0	0.0	250.0	5.3
Contract liabilities	46.8	1.0	49.5	1.0
Other current liabilities	154.7	3.5	116.6	2.5
Income tax liabilities	45.6	1.0	35.2	0.7
Other provisions and accrued liabilities	145.5	3.3	128.7	2.7
	1,052.6	**23.5**	**1,366.2**	**28.9**
	4,473.3	**100.0**	**4,725.8**	**100.0**

Statement of Changes in Equity

6M 2022/23 in € million	Share capital	Capital reserve	Hedging reserve	Cumulative currency translation	Other revenue reserves	Equity attributable to share-holders	Non-controlling interests	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					181.9	181.9	15.5	197.3
Actuarial gains and losses on defined benefit plans, net after taxes					10.5	10.5	1.0	11.5
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				14.3		14.3	1.0	15.3
Total comprehensive income	**0.0**	**0.0**	**0.3**	**14.3**	**192.4**	**207.0**	**17.5**	**224.4**
Dividend distribution					(38.4)	(38.4)	(2.5)	(40.9)
Treasury stock transactions					(3.8)	(3.8)	0.0	(3.8)
Acquisition of shares of a subsidiary without change of control					0.5	0.5	(7.2)	(6.7)
Balance at August 31, 2022	**48.0**	**130.4**	**0.0**	**50.0**	**1,567.2**	**1,795.6**	**138.7**	**1,934.4**

6M 2023/24 in € million	Share capital	Capital reserve	Hedging reserve	Cumulative currency translation	Other revenue reserves	Equity attributable to share-holders	Non-controlling interests	Total group equity
Balance at March 1, 2023	**48.0**	**130.5**	**0.0**	**53.6**	**1,543.3**	**1,775.4**	**121.7**	**1,897.1**
Consolidated net income					125.2	125.2	8.4	133.6
Actuarial gains and losses on defined benefit plans, net after taxes					(2.9)	(2.9)	(0.2)	(3.2)
Exchange differences arising on the translation of foreign subsidiaries				(2.5)		(2.5)	0.2	(2.4)
Total comprehensive income	**0.0**	**0.0**	**0.0**	**(2.5)**	**122.3**	**119.7**	**8.3**	**128.0**
Dividend distribution					(38.4)	(38.4)	(2.2)	(40.6)
Treasury stock transactions	(0.2)				(3.8)	(3.9)	0.0	(3.9)
Acquisition of shares of a subsidiary without change of control				0.3	0.3	0.6	(7.3)	(6.7)
0	**47.8**	**130.5**	**0.0**	**51.3**	**1,623.7**	**1,853.4**	**120.4**	**1,973.8**

Cash Flow Statement

€ million	6M 2023/24	6M 2022/23
Consolidated net income	**133.6**	**197.3**
Depreciation and amortization of property, plant, and equipment and intangible assets	58.6	52.8
Depreciation of right-of-use assets	73.7	55.9
Change in provisions	2.8	1.1
Gains/losses on disposals of non-current assets and of non-current assets held for sale	(1.0)	(0.7)
Change in inventories, trade receivables, and other assets	163.1	(65.5)
Change in trade payables and other liabilities	(302.3)	7.0
Other non-cash income/expenses	(5.9)	5.4
Cash flow from operating activities	**122.6**	**253.2**
Proceeds from disposal of non-current assets and of non-current assets held for sale	4.0	3.9
Payments for investments in property, plant, and equipment	(87.3)	(105.0)
Payments for investments in intangible assets	(4.4)	(9.3)
Repayment of securities and money investments	(30.0)	0.0
Cash flow from investing activities	**(117.7)**	**(110.3)**
Dividends paid	(40.6)	(40.9)
Proceeds from taking up long-term debt	38.3	245.4
Repayment of long-term debt	(28.1)	(18.2)
Repayment of current and non-current lease liabilities	(54.3)	(52.8)
Payments for transaction costs	0.0	(0.3)
Change in level of shareholding in subsidiary with no change in control	(6.8)	(197.2)
Cash flow from financing activities	**(91.4)**	**(64.0)**
Cash-effective change in cash and cash equivalents	(86.6)	78.9
Change in cash and cash equivalents due to changes in exchange rates	(0.9)	1.5
Cash and cash equivalents at March 1	427.1	332.3
Cash and cash equivalents at August 31	**339.6**	**412.7**

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.

As well as cash on hand, credit balances at banks, and other short-term deposits amounting in total to € 349.2 million (2022/23: € 412.7 million), cash and cash equivalents also include overdraft liabilities of € 9.6 million (2022/23: € 0 million).

The cash flow from operating activities was reduced by income tax payments of € 50.0 million (2022/23: € 47.7 million) and interest payments of € 21.8 million (2022/23: € 17.5 million) and increased by interest received of € 3.3 million (2022/23: € 1.9 million). Of interest payments, an amount of € 15.4 million (2022/23: € 14.2 million) involves interest paid in connection with leases. Furthermore, the cash flow from operating activities also includes the effects of the reverse factoring program completed in the 2022/23 financial year. Repayment of the liabilities relating to the reverse factoring program, which amounted to € 250.0 million as of February 28, 2023, had an equivalent impact on the cash flow from operating activities.

GROUP NOTES

Notes to the Interim Consolidated Financial Statements as of August 31, 2023

(1) Accounting principles

This Group interim report of HORNBACH Holding AG & Co. KGaA and its subsidiaries for the first half of the financial year as of August 31, 2023 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 HORNBACH Holding AG & Co. KGaA for the 2022/23 financial year. Reference is made to these financial statements on account of the additional information they contain as to the specific accounting policies 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 2023/24 financial year were described in the 2022/23 consolidated financial statements. These changes did not have any material implications for the interim consolidated financial statements.

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

Due to changes in the valuation parameters (cost of capital) and the budget scenarios on the level of individual cash generating units, the company performed event-based impairment tests in the 2nd quarter.

The inclusion of newly amended parameters in the impairment test and changes in the budget scenarios on the level of individual cash generating units (CGUs) led to the identification of impairment requirements at six CGUs. Impairment losses totaling € 22.7 million were recognized on right-of-use assets, buildings, and intangible assets, which were written down to their value in use or net realizable value.

The impairment tests resulted in the recognition of write-ups of € 2.9 million on right-of-use assets at one CGU. This involved the write-up of impairment losses recognized in previous years.

(2) Scope of consolidation

In addition to HORNBACH Holding AG & Co. KGaA, 61 subsidiaries were included in the consolidated financial statements by way of full consolidation as of August 31, 2023 (2022/23: 62). In the period under report, two companies were founded and included in the scope of consolidation, while three companies were removed from the scope of consolidation due to liquidation. These changes did not have any material impact.

(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, 2023 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	Q2 2023/24	Q2 2022/23	Change in %
Other income	9.3	9.3	(0.3)
Other expenses	4.0	3.0	33.5
Other income and expenses	**5.3**	**6.3**	**(16.3)**

€ million	6M 2023/24	6M 2022/23	Change in %
Other income	15.8	15.8	(0.3)
Other expenses	6.3	5.7	10.8
Other income and expenses	**9.5**	**10.1**	**(6.6)**

Other income for the first half of 2023/24 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. This includes non-operating income of € 0.4 million from the sale of a piece of land (2022/23: € 0.2 million).

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 allocable 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.

	Q2 2023/24	Q2 2022/23
Number of ordinary shares issued	15,971,121	16,000,000
Consolidated net income allocable to shareholders in HORNBACH Holding AG & Co. KGaA in € million	58.9	83.6
Earnings per share in €	**3.69**	**5.22**

	6M 2023/24	6M 2022/23
Number of ordinary shares issued	15,982,123	16,000,000
Consolidated net income allocable to shareholders in HORNBACH Holding AG & Co. KGaA in € million	125.2	181.9
Earnings per share in €	**7.83**	**11.37**

(6) Other disclosures

The personnel expenses of the HORNBACH Holding AG & Co. KGaA Group amounted to € 526.3 million in the first half of the 2023/24 financial year (2022/23: € 494.3 million).

Depreciation and amortization totaling € 54.9 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 2023/24 financial year (2022/23: € 52.8 million). An amount of € 54.6 million involved depreciation of right-of-use assets in connection with leases (2022/23: € 54.1 million).

Functionally allocated non-operating earnings items of € 19.8 million arose in the first half of the 2023/24 financial year (2022/23: € 1.7 million). These involve write-ups and write-downs of right-of-use assets in connection with leases, buildings, and intangible assets. In the previous year, these items related to impairments of right-of-use assets in connection with leases.

(7) Shareholders' equity

On July 5, 2023, 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 2023. The buyback of shares began on July 11, 2023 and is limited to February 29, 2024. As of August 31, 2023, HORNBACH Baumarkt AG had acquired 55,000 treasury stock shares. In the statement of changes in equity, the acquisition costs for these shares (€ 3.9 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 7, 2023 a dividend of € 2.40 per share was distributed to shareholders for the 2022/23 financial year.

(9) Contingent liabilities, guarantees and other financial obligations

These mainly involve financial obligations in connection with capital expenditure 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 € 158.4 million at the end of the period under report (February 28, 2023: € 166.5 million).

The company had contingent liabilities of € 157.3 million as of the balance sheet date (February 28, 2023: € 83.0 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 consolidated financial statements, no major transactions were undertaken with closely related companies and persons during the first half of the 2023/24 financial year.

(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, 2023. The following table presents the carrying amounts and fair values of individual financial assets and liabilities pursuant to IFRS 9 as of August 31, 2023:

€ million	Category	Carrying amount 8.31.2023	Fair value 8.31.2023	Carrying amount 2.28.2023	Fair value 2.28.2023
Assets					
Financial assets	FVtOCI	0.2	0.2	0.2	0.2
Trade receivables	AC	56.0	56.0	53.4	53.4
Trade receivables due to non-recourse factoring that are not derecognized	FVtPL	0.1	0.1	3.8	3.8
Contract assets	AC	1.6	1.6	2.0	2.0
Other current and non-current assets					
Derivatives without hedge relationship	FVtPL	0.2	0.2	2.4	2.4
Other assets	AC	85.6	85.6	79.8	79.8
Cash and cash equivalents	AC	349.2	349.2	437.0	437.0
Equity and liabilities					
Financial debt					
Bonds	AC	248.4	239.7	248.2	237.0
Liabilities to banks	AC	619.1	579.7	604.6	559.1
Lease liabilities	n/a	884.7	n/a	927.4	n/a
Derivatives without hedge relationship	FVtPL	0.3	0.3	0.1	0.1
Trade payables	AC	267.3	267.3	384.7	384.7
Liabilities for reverse factoring program	AC	0.0	0.0	250.0	250.0
Other current and non-current liabilities	AC	28.8	28.8	56.0	56.0
Accrued liabilities	AC	46.1	46.1	32.3	32.3

Other current and non-current assets of € 36.5 million (February 28, 2023: € 30.1 million), other current and non-current liabilities of € 178.0 million (February 28, 2023: € 143.7 million), and accrued liabilities of € 97.6 million (February 28, 2023: € 95.0 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	8.31.2023	2.28.2023
Assets			
Valuation based on level 2 input data			
Derivatives without hedge relationship	FVtPL	0.2	2.4
Equity and liabilities			
Valuation based on level 1 input data			
Bonds	AC	239.7	237.0
Valuation based on level 2 input data			
Liabilities to banks	AC	579.7	559.1
Derivatives without hedge relationship	FVtPL	0.3	0.1

Derivative financial instruments without hedge relationships involve foreign currency items for outstanding orders.

(12) Segment report

6M 2023/24 in € million 6M 2022/23 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	**3,228.1**	**212.9**	**44.3**	**0.0**	**(44.0)**	**3,441.3**
	3,236.8	226.6	40.8	0.0	(40.8)	3,463.3
Sales to third parties	3,227.3	212.2	0.0	0.0	0.0	3,439.5
	3,236.0	225.6	0.0	0.0	0.0	3,461.6
Sales to affiliated companies	0.0	0.6	0.0	0.0	(0.6)	0.0
	0.0	0.9	0.0	0.0	(0.9)	0.0
Rental income from third parties	0.7	0.1	1.0	0.0	0.0	1.8
	0.8	0.1	0.9	0.0	0.0	1.7
Rental income from affiliated companies	0.0	0.0	43.3	0.0	(43.3)	0.0
	0.0	0.0	39.9	0.0	(39.9)	0.0
EBIT	**171.8**	**6.6**	**32.8**	**(3.1)**	**(6.1)**	**202.0**
	242.9	13.7	28.5	(2.7)	(6.4)	275.9
Depreciation and amortization/write-ups	151.1	5.0	8.7	0.0	(35.5)	129.4
	127.1	4.8	8.7	0.0	(31.9)	108.7
Segment earnings (adjusted EBIT)	**195.1**	**6.6**	**32.8**	**(3.1)**	**(10.1)**	**221.3**
	245.2	13.7	28.3	(2.7)	(7.0)	277.4
EBITDA	**322.9**	**11.7**	**41.5**	**(3.1)**	**(41.7)**	**331.3**
	370.0	18.5	37.2	(2.7)	(38.4)	384.6
Segment assets	**4,182.7**	**239.5**	**459.9**	**2.2**	**(483.8)**	**4,400.6**
	4,218.7	245.5	452.6	26.9	(438.0)	4,505.6
of which: credit balances at banks	291.2	0.7	26.0	0.0	0.0	318.0
	344.6	1.7	18.3	26.2	0.0	390.8

Reconciliation in € million	**6M 2023/24**	6M 2022/23
Segment earnings (adjusted EBIT)	**221.3**	**277.4**
Non-operating items	(19.3)	(1.5)
Net financial expenses	(27.3)	(15.3)
Consolidated earnings before taxes	**174.7**	**260.6**

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

External sales by region 6M 2023/24 in € million 6M 2022/23 in € million	HORNBACH Baumarkt AG Subgroup	HORNBACH Baustoff Union GmbH Subgroup	HORNBACH Immobilien AG Subgroup	HORNBACH HOLDING AG & Co. KGaA Group
Germany	1,563.7	206.8	0.9	1,771.4
	1,601.7	219.9	0.8	1,822.4
Other European countries	1,664.3	5.5	0.1	1,669.8
	1,635.1	5.8	0.1	1,641.0
Revenue from contracts with customers	**3,228.1**	**212.3**	**1.0**	**3,441.3**
	3,236.8	225.7	0.9	3,463.3

Neustadt an der Weinstrasse, September 26, 2023

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

Albrecht Hornbach Karin Dohm Erich Harsch

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 26, 2023

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

Albrecht Hornbach Karin Dohm Erich Harsch

REVIEW REPORT

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

We have reviewed the condensed interim consolidated financial statements of HORNBACH 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 2023, the balance sheet as at 31 August 2023, 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 2023, that are part of the half-year financial information under Section 115 German Securities Trading Act (WpHG). The preparation of the condensed interim consolidated financial statements in accordance with the 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) and in supplementary compliance with the International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” 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 HORNBACH 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.

Additional Note
Without qualifying our conclusion, we draw attention to the fact that the quarterly information disclosed separately in the condensed interim consolidated financial statements and the interim group management report as well as the related explanations were not covered by our review engagement.

Mannheim/Germany, 26 September 2023

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed:
Steffen Schmidt
Wirtschaftsprüfer
(German Public Auditor)

Signed:
Patrick Wendlandt
Wirtschaftsprüfer
(German Public Auditor)

FINANCIAL CALENDAR

December 20, 2023	Financial Update: 3rd Quarter of 2023/24 as of November 30, 2023
March 26, 2024	Trading Statement FY 2023/24 as of February 29, 2024
May 22, 2024	Annual Report 2023/24 as of February 29, 2024 Annual Results Press Conference for Financial Year 2023/24 Analysts' Conference of HORNBACH Holding AG & Co. KGaA

Investor Relations
Antje Kelbert / Anne Spies / Jonas Peter
Tel: (+49) 0 63 48 / 60 - 2444 / 2558 / 5398
invest@hornbach.com
Internet: www.hornbach-group.com

DISCLAIMER

This half-year report contains forward-looking statements based on assumptions and estimates made by the management of HORNBACH. Although we assume that the expectations expressed or implied in these forward-looking statements are realistic, the company can provide no guarantee that these expectations will also turn out to be accurate. By their nature, forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors which could lead actual results, developments, and outcomes to differ 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. Forward-looking statements are always only valid at the time at which they are made. HORNBACH has no plans to update forward-looking statements, neither does it accept any obligation to do so.