

HORNBACH Baumarkt AG Group

Q3/9M  
2020/21

Quarterly Statement  
as of November 30, 2020



# HORNBACH BAUMARKT AG GROUP

## Statement on 3<sup>rd</sup> Quarter and 1<sup>st</sup> Nine Months of 2020/21 (March 1 – November 30, 2020)

Key figures of the HORNBACH Baumarkt AG Group	3 <sup>rd</sup> Quarter	3 <sup>rd</sup> Quarter	Change	Nine Months	Nine Months	Change
(in € million, unless otherwise stated)	2020/21	2019/20	in %	2020/21	2019/20	in %
<b>Net sales</b>	<b>1,275.2</b>	<b>1,054.5</b>	<b>20.9</b>	<b>4,224.2</b>	<b>3,499.3</b>	<b>20.7</b>
of which: in Germany	662.3	526.2	25.9	2,219.4	1,782.1	24.5
of which in other European countries	612.9	528.3	16.0	2,004.8	1,717.2	16.7
Like-for-like sales growth	19.7%	4.6%		19.5%	7.1%	
Gross margin as % of net sales	35.4%	35.9%		36.0%	36.4%	
EBITDA	109.2	86.2	26.6	528.8	373.5	41.6
<b>Earnings before interest and taxes (EBIT)</b>	<b>52.8</b>	<b>29.0</b>	<b>82.5</b>	<b>359.8</b>	<b>199.9</b>	<b>80.0</b>
<b>Adjusted EBIT</b>	<b>52.8</b>	<b>29.4</b>	<b>79.5</b>	<b>359.8</b>	<b>200.9</b>	<b>79.2</b>
Consolidated earnings before taxes	38.0	15.1	>100	316.9	157.3	>100
Consolidated net income	28.2	11.9	>100	238.6	118.3	>100
Basic/diluted earnings per share (€)	0.89	0.37	>100	7.50	3.72	>100
Investments	36.9	20.8	77.5	94.3	73.7	27.9

Misc. key figures of the HORNBACH Baumarkt AG Group	November 30, 2020	February 29, 2020	Change
(in € million, unless otherwise stated)			in %
Total assets	3,856.7	3,564.3	8.2
Shareholders' equity	1,340.8	1,132.1	18.4
Shareholders' equity as % of total assets	34.8%	31.8%	
Number of stores	161	160	0.6
Sales area in 000 m <sup>2</sup> (based on BHB)	1,904	1,889	0.8
Number of employees	21,937	20,438	7.3

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

## Summary

### Dynamic sales and earnings growth continues in third quarter of 2020/21

- Consumers still spending significantly more on improving their homes during second wave of coronavirus infections.
- HORNBACH Baumarkt AG Group increases sales by 20.7 % to € 4.22 billion in first nine months of 2020/21.
- DIY stores and garden centers post like-for-like, currency-adjusted growth of 19.5 % in first nine months.
  - Germany: plus 24.6 %
  - Other European countries: plus 14.3 %
- After significant third-quarter earnings growth, nine-month adjusted EBIT rises 79 % to € 359.8 million.
- Board of Management confirms full-year sales and earnings forecast for 2020/21 despite notably higher coronavirus risks.

The HORNBACH Baumarkt AG Group maintained the dynamic growth course already seen in the first half of the year in the third quarter of 2020/21 as well (September 1 to November 30, 2020). Since the outbreak of the coronavirus pandemic in March 2020, consumers have increasingly withdrawn to their own four walls and are spending more on DIY projects in their homes and gardens. The drastic rise in the number of infections since October 2020 has not affected this trend.

Parts of HORNBACH's European network were subject to official restrictions on sales once again during the fall quarter. Through to the reporting date on November 30, however, these were less strict than those imposed during the first wave of infections in the spring. Thanks to ongoing strong growth in those regions not affected, or only to a minor extent, HORNBACH was nevertheless able to significantly overcompensate for the resultant reduction in sales. Consolidated sales for the third quarter of 2020/21 (Q3) thus increased by 20.9 % to € 1,275.2 million (2019/20: € 1,054.5 million). In the first nine months (9M) of the current financial year, consolidated sales grew by 20.7 % to € 4,224.2 million (2019/20: € 3,499.3 million). On a like-for-like basis and net of currency items, the Group's sales rose by 19.7 % in the third quarter and by 19.5 % in the first nine months. Demand from customers was significantly higher than in the respective previous year's periods, and that in both the stationary and the online retail businesses. DIY retail activities in Germany, which continued in the fall without any restrictions on sales, made an above-average contribution to the Group's growth, with like-for-like sales growth of 25.5 % in Q3 and 24.6 % in the first nine months of 2020/21. In other European countries, and despite substantial restrictions on sales in Austria and the Czech Republic, like-for-like sales net of currency items rose by 14.0 % (Q3) and 14.3 % (9M).

Driven above all by dynamic demand from DIY store customers throughout HORNBACH's European network and improved cost ratios, the Group's key earnings figures showed significantly disproportionate growth compared with sales in the first nine months of 2020/21. EBIT adjusted to exclude non-operating earnings items (adjusted EBIT) rose by 79.5 % to € 52.8 million in the third quarter (2019/20: € 29.4 million) and by 79.2 % to € 359.8 million in the first nine months of 2020/21 (2019/20: € 200.9 million). Basic/diluted earnings per Baumarkt share reached € 0.89 in the quarter under report (2019/20: € 0.37) and € 7.50 in the nine-month period (2019/20: € 3.72). The full-year sales and earnings forecast for 2020/21, which was raised at the beginning of November 2020, has been confirmed, although the nationwide hard lockdowns in Germany (December 16, 2020 to January 10, 2021), the Netherlands (December 15, 2020 to January 19, 2021), Austria (December 26, 2020 to at least January 17, 2021), and Slovakia (December 21, 2020 to January 10, 2021) mean that the downside risks to the Group's business performance have increased significantly.

## Earnings, Financial, and Asset Position

### Impact of coronavirus pandemic on DIY retail business

In the third quarter of 2020/21, parts of HORNBACH's European network were once again subject to stricter coronavirus-related measures and in some cases to restrictions on sales. In Austria and the Czech Republic, our stores were temporarily unavailable to private customers. Click and collect, deliveries from the store and, in the Czech Republic, access to garden divisions and drive-in facilities, were nevertheless possible. Commercial customers were able to shop without restrictions. In Slovakia, customers have been obliged since the end of October to present a negative PCR test before they can enter sales areas. In some countries, the opening hours of our stores were shortened, particularly in connection with local and regional restrictions on consumers leaving their homes. Where customer totals were limited in line with sales areas, HORNBACH's average store size of more than 11,800 m<sup>2</sup> meant that these measures did not have any significant influence on the number of customers visiting its stores.

### Overview of duration and intensity of sales restrictions in third quarter of 2020/21

Country	Period of closure for private customers	Number of stores	Major exemptions and special cases
Germany	No restrictions on sales	96	
Luxembourg	No restrictions on sales	1	
Netherlands	No restrictions on sales	15	■ Amended opening hours
Austria	10.17. to 12.6.2020	14	■ Open to commercial customers ■ Click and collect/delivery ■ Amended opening hours
Romania	No comprehensive restrictions on sales	6+1*	■ Weekend closures in regions with high incidence rates (Sibiu) ■ Amended opening hours
Sweden	No restrictions on sales	7	
Switzerland	No restrictions on sales	7	
Slovakia	No restrictions on sales	4	■ Negative PCR test required
Czech Republic	10.22. to 12.2.2020	10	■ Open to commercial customers ■ Click and collect/delivery ■ Garden and drive-in areas also open to private customers ■ Amended opening hours
<b>Group</b>		<b>161</b>	

\*Oradea: since 09.30.2020

### Development in HORNBACH store network

One new DIY store and garden center was opened in Oradea in the third quarter of 2020/21. This is the company's seventh location in Romania. As of November 30, 2020, the HORNBACH Baumarkt AG Group therefore operated 161 retail outlets (February 29, 2020: 160) with total sales areas of 1.90 million m<sup>2</sup>, of which 96 locations in Germany and 65 in other European countries.

### Seasonal and calendar-related factors

Overall, weather conditions were favorable for implementing DIY projects in the first nine months of the 2020/21 financial year. In many regions, the spring and summer were mainly dry and sunny with mostly moderate temperatures. The fall was initially characterized by favorable conditions, with a summery dry September. After a rainy October, dry and mild weather returned in the first half of November. Temperatures nevertheless fell significantly towards the end of the month, bringing the first frosty days in many regions.

The third quarter of 2020/21 had a group-wide average of 0.5 business days more than the previous year. Cumulatively for the first nine months of 2020/21 (March 1 to November 30, 2020), there were 0.8 business days fewer than one year earlier.

## Sales Performance

Consolidated sales grew by 20.9 % to € 1,275.2 million in the third quarter of 2020/21 (2019/20: € 1,054.5 million). The reduction in sales due to restrictions in Austria and the Czech Republic was more than offset by ongoing strong growth in unaffected regions and in the online business. On a like-for-like basis and net of currency items [→ [Brief Glossary](#) on Page 9], group-wide Q3 sales rose by 19.7 % (2019/20: plus 4.6 %). The inclusion of currency items for non-euro countries, namely the Czech Republic, Romania, Sweden, and Switzerland, also resulted in growth of 19.7 % (2019/20: plus 4.7 %).

In the first nine months, consolidated sales increased by 20.7 % to € 4,224.2 million (2019/20: € 3,499.3 million). Excluding currency items, like-for-like net sales showed group-wide growth of 19.5 % (2019/20: plus 7.1 %). Including currency items, growth also stood at 19.5 % (2019/20: plus 7.2 %). Based on GfK data for the period from January to October 2020, sales at HORNBACH's DIY stores and garden centers significantly outperformed the DIY sector averages, and that both in Germany and in Austria, the Netherlands, the Czech Republic, and Switzerland. This outperformance ranged between 210 and 650 basis points. No sector data is available for the other countries in which the company operates. At the end of the first three quarters, international sales accounted for a 47.5 % share of consolidated sales (2019/20: 49.1 %). The table below presents key sales performance data for the first three quarters of 2020/21:

Key figures of the HORNBACH Baumarkt AG Group (in € million, unless otherwise stated)	1 <sup>st</sup> Quarter 2020/21	2 <sup>nd</sup> Quarter 2020/21	3 <sup>rd</sup> Quarter 2020/21	Nine Months 2020/21
<b>Net sales</b>	<b>1,492.1</b>	<b>1,456.8</b>	<b>1,275.2</b>	<b>4,224.2</b>
Year-on-year change (in %)	18.4	23.0	20.9	20.7
Like-for-like sales growth (in %) <sup>1)</sup>	17.5	21.4	19.7	19.5
<b>Net sales in Germany region</b>	<b>808.4</b>	<b>748.6</b>	<b>662.3</b>	<b>2,219.4</b>
Year-on-year change (in %)	23.6	24.4	25.9	24.5
Like-for-like sales growth (in %)	24.4	24.1	25.5	24.6
Domestic share of consolidated sales (in %)	54.2	51.4	51.9	52.5
<b>Net sales in Other European Countries region</b>	<b>683.7</b>	<b>708.2</b>	<b>612.9</b>	<b>2,004.8</b>
Year-on-year change (in %)	12.7	21.6	16.0	16.7
Like-for-like sales growth (in %) <sup>1)</sup>	10.3	18.6	14.0	14.3
International share of consolidated sales (in %)	45.8	48.6	48.1	47.5

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

## Earnings Performance

Key figures of the HORNBACH Baumarkt AG Group (in € million, unless otherwise stated)	3 <sup>rd</sup> Quarter 2020/21	3 <sup>rd</sup> Quarter 2019/20	Change in %	Nine Months 2020/21	Nine Months 2019/20	Change in %
<b>Net sales</b>	<b>1,275.2</b>	<b>1,054.5</b>	<b>20.9</b>	<b>4,224.2</b>	<b>3,499.3</b>	<b>20.7</b>
<b>Gross profit</b>	<b>451.2</b>	<b>378.7</b>	<b>19.1</b>	<b>1,522.0</b>	<b>1,274.3</b>	<b>19.4</b>
Gross margin as % of net sales	35.4%	35.9%		36.0%	36.4%	
EBITDA	109.2	86.2	26.6	528.8	373.5	41.6
<b>Earnings before interest and taxes (EBIT)</b>	<b>52.8</b>	<b>29.0</b>	<b>82.5</b>	<b>359.8</b>	<b>199.9</b>	<b>80.0</b>
Non-operating income	0.0	0.0		0.0	0.0	
Non-operating expenses	0.0	0.5	(100.0)	0.0	1.0	(100.0)
<b>Adjusted EBIT</b>	<b>52.8</b>	<b>29.4</b>	<b>79.4</b>	<b>359.8</b>	<b>200.9</b>	<b>79.2</b>
Consolidated earnings before taxes (EBT)	38.0	15.1	>100	316.9	157.3	>100
Consolidated net income	28.2	11.9	>100	238.6	118.3	>100
Store expenses as % of net sales <sup>1)</sup>	26.7	28.3	(160) bp	23.6	26.2	(260) bp
Pre-opening expenses as % of net sales <sup>1)</sup>	0.1	0.2	(10) bp	0.1	0.2	(10) bp
Administration expenses as % of net sales <sup>1)</sup>	4.6	5.2	(60) bp	4.0	4.8	(80) bp

Rounding up or down may lead to discrepancies between percentages and totals. Calculation of percentage figures based on € 000s. <sup>1)</sup> Year-on-year change in basis points (bp)

The following comments refer to the earnings performance of the HORNBACH Baumarkt AG Group. Information about the "Retail" and "Real Estate" segments can be found in the segment report on Page 15.

### 3<sup>rd</sup> quarter of 2020/21 (September 1 to November 30, 2020)

Key data concerning the earnings performance of the HORNBACH Baumarkt AG Group in the third quarter:

- Gross profit rose by 19.2 % to € 451.2 million (2019/20: € 378.7 million). Mainly due to the higher share of sales attributable to the online business, where margins are weaker than in stationary retail, the **gross margin**, i.e. gross profit as a percentage of net sales [↪ [Brief Glossary](#) on Page 10], decreased from 35.9 % to 35.4 %.
- Selling and store expenses grew less rapidly than sales, rising by 14.2 % to € 340.9 million (2019/20: € 298.6 million). This increase was chiefly the result of higher personnel expenses, including bonuses, increased maintenance expenses, and higher expenses for coronavirus-related protective and hygiene measures. The **store expense ratio** [↪ [Brief Glossary](#) on Page 10] fell overall by around 160 basis points from 28.3 % to 26.7 %. Due to the lower volume of expansion activity, the **pre-opening expense ratio** [↪ [Brief Glossary](#) on Page 10] eased from 0.2 % to 0.1 %. General and administration expenses grew by 7.5 %, and thus significantly less rapidly than sales, to reach € 59.0 million (2019/20: € 54.9 million). The **administration expense ratio** [↪ [Brief Glossary](#) on Page 10] therefore fell from 5.2 % to 4.6 %. The store and administration expenses for the quarter under report include one-off bonuses distributed to employees in recognition of the great personal commitment shown in extreme circumstances due to the coronavirus pandemic.
- Earnings before interest, taxes, depreciation, and amortization (**EBITDA**) [↪ [Brief Glossary](#) on Page 9] increased to € 109.2 million in the third quarter of 2020/21 (2019/20: € 86.2 million).
- Operating earnings (**EBIT**) jumped from € 29.0 million to € 52.8 million. No non-operating earnings items arose in the quarter under report, while non-operating expenses of € 0.5 million were reported in the equivalent quarter in the previous year. In the quarter under report, EBIT adjusted to exclude non-operating earnings items (**adjusted EBIT**) [↪ [Brief Glossary](#) on Page 9] thus corresponds to EBIT (2019/20: € 29.4 million).
- **Net financial expenses** decreased from minus € 13.9 million to minus € 14.8 million. While interest expenses showed a slight reduction, currency items reversed from plus € 1.1 million in the previous year to minus € 0.7 million in Q3 2020/21.
- Consolidated earnings before taxes (**EBT**) [↪ [Brief Glossary](#) on Page 9] increased from € 15.1 million in the previous year's period to € 38.0 million in the quarter under report.
- **Consolidated net income** rose to € 28.2 million (2019/20: € 11.9 million). **Earnings per share** improved from € 0.37 to € 0.89 in the third quarter of 2020/21.

### First nine months of 2020/21

Thanks to the third-quarter earnings growth, the sharp rise in the key earnings figures of the HORNBACH Baumarkt AG Group continued in the nine-month period (March 1 to November 30, 2020). This was chiefly due to the growth in like-for-like sales net of currency items in conjunction with improved cost ratios.

Nine-month **EBITDA** improved by 41.6 % to € 528.8 million (2019/20: € 373.5 million). Operating earnings (**EBIT**) rose by 80.0 % to € 359.8 million (2019/20: € 199.9 million). **Adjusted EBIT** showed cumulative growth of 79.2 % to € 359.8 million (2019/20: € 200.9 million). The adjusted EBIT margin increased year-on-year from 5.7 % to 8.5 %. Due to negative currency items, cumulative **net financial expenses** decreased slightly from minus € 42.6 million to minus € 42.9 million.

Consolidated earnings before taxes (**EBT**) doubled to € 316.9 million (2019/20: € 157.3 million). Based on a tax rate of 24.7 % (2019/20: 24.8 %), **consolidated net income** rose to € 238.6 million (2019/20: € 118.3 million). Cumulative **earnings per Baumarkt share** stood at € 7.50 (2019/20: € 3.72).

## Financial and Asset Position

### Investing and financial activities

**Investments** rose from € 73.7 million in the previous year's period to € 94.3 million in the first nine months of 2020/21. At € 54.8 million, around 58 % of investments in the 2020/21 period under report were channeled into land and buildings, while the remainder related to plant and office equipment at new and existing stores and to intangible assets (mainly IT software).

The **cash flow from operating activities** rose from € 352.9 million to € 574.9 million in the first nine months of 2020/21. This increase was mainly driven by higher consolidated net income as well as by the significant improvement in working capital to € 170.3 million (2019/20: € 62.0 million). The figure for the nine-month period includes depreciation of € 113.6 million recognized on right-of-use assets (2019/20: € 116.4 million). The **outflow of funds for investment activities** amounted to € 92.9 million in the first nine months of 2020/21 (2019/20: € 312.0 million). The previous year's figure includes reclassifications of cash and cash equivalents of € 240.1 million – mainly due to the issue of the new corporate bond – to current financial assets with terms of more than three months. Including outflows of € 105.9 million for repayments of current and non-current lease liabilities (2019/20: € 104.8 million), the **outflow of funds for financing activities** totaled € 127.4 million in the first nine months of 2020/21 (2019/20: inflow of € 121.4 million). Cash and cash equivalents rose to € 655.4 million, up from € 405.5 million in the previous year's nine-month period. Detailed information about the financing and investing activities of the HORNBACH Baumarkt AG Group can be found in the cash flow statement on Page 15.

Total assets at the HORNBACH Baumarkt AG Group grew to € 3,856.7 million as of November 30, 2020 (balance sheet date on February 29, 2020: € 3,564.3 million). The principal reason for this growth was the € 353 million increase in cash and cash equivalents accompanied by a slight reduction in right-of-use assets (minus € 54 million) and a € 52 million reduction in inventories. Shareholders' equity as posted in the balance sheet rose to € 1,340.8 million, up 18.4 % compared with the previous reporting date. The **equity ratio** [↪ [Brief Glossary](#) on Page 10] increased to 34.8 % (February 29, 2020: 31.8 %). **Net financial debt** [↪ [Brief Glossary](#) on Page 10] fell from € 1,573.3 million to € 1,174.3 million as of November 30, 2020. Excluding current and non-current lease liabilities pursuant to IFRS 16, the Group reported net financial assets of € 63.2 million as of November 30, 2020 (February 29, 2020: net financial debt of € 289.7 million).

## Other Disclosures

### Employees

A total of 21,937 employees across Europe were in fixed employment at HORNBACH Baumarkt AG or one of its subsidiaries as of the reporting date on November 30, 2020 (February 29, 2020: 20,438).

### 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.

## Outlook

### Sales and earnings forecast confirmed despite significantly increased risks

The updated annual forecast published by ad-hoc announcement on November 9, 2020 is confirmed. It should nevertheless be noted that, due to the stricter coronavirus-related restrictions imposed since December, the risks resulting from the pandemic for the remaining three months of the 2020/21 financial year have increased significantly compared with the assessment provided in the half-year financial report.

The numbers of infections and deaths in connection with Covid-19 have recently reached new record levels. Several countries within our European network have reacted by introducing stricter measures and restrictions on contacts in order to contain the pandemic. The sales and earnings performance of the HORNBACH Baumarkt AG Group is mainly affected by the following regulations imposed by the authorities and other developments:

- In **Germany**, a hard lockdown has been imposed across the country for the period from December 16, 2020 to January 10, 2021. Public life is to be reduced to an absolute minimum. This also affects most areas of the retail sector. DIY stores and garden centers nationwide are required to discontinue stationary sales to private customers for the period of the lockdown. However, exemptions apply for DIY store sales to commercial customers and tradespeople, for services involving the collection and delivery of reserved goods, and for outdoor Christmas tree sales. These regulations, which on individual state level have not been implemented on a uniform basis nationwide, nevertheless provide the opportunity to generate sales across wide parts of our domestic network despite the closure of stores to the general public. Online DIY retail remains unaffected by the restrictions on sales. We currently operate 96 stores in Germany, corresponding to 60 % of the stores at the HORNBACH Baumarkt AG Group.
- In the **Netherlands**, a nationwide lockdown also affecting DIY stores and garden centers has been imposed from December 15, 2020 to January 19, 2021. There are no restrictions on sales to commercial customers already possessing a HORNBACH Profi Card, or on online DIY retail, and click & collect. HORNBACH operates 15 locations in the Netherlands.
- In **Slovakia**, our four DIY stores have been required to close their doors to private customers due to the lockdown in place from December 19, 2020 to January 10, 2021. The stores are still open for commercial customers. The collection of reserved goods and online retail are still permitted without restriction.
- In **Switzerland**, stricter coronavirus-related restrictions are in place from December 22, 2020 to January 22, 2021. Retailers can nevertheless continue to operate. The restrictions on opening hours still apply (no sales between 7.00 p.m. and 6.00 a.m. or on Sundays and public holidays). Due to their average size of around 12,900 m<sup>2</sup>, the seven HORNBACH stores in Switzerland will not be affected to any significant extent by the stricter limits now placed on the maximum number of persons allowed to visit retail stores at any given time.
- **Austria** is entering its third lockdown, which will start on December 26, 2020 and last at least until January 17, 2021. The restrictions on people leaving their homes will then apply around the clock. Retailers and gastronomy providers will be closed until January 17, 2021: Anyone wishing to visit them from January 18, 2021 will have to take part in the mass testing due to begin on January 15. Anyone who refuses to do so will face a further week with restrictions through to January 23, 2021. Only those who can present a negative test result will be allowed to go shopping or for a meal. During the lockdown, the 14 HORNBACH DIY stores with garden centers in Austria will have to close their doors to the general public. It was most recently still unclear whether the stores would be allowed to remain open for commercial customers. The collection of reserved goods and online DIY retail are still permitted.

Upon the editorial deadline for this report, no further significant restrictions on sales at our stores in other countries or regions had been announced.

The forward-looking statements in the most recent update on November 9, 2020 concerning the further course of business in the 2020/21 financial year were based on the assumption that the rest of the financial year would not see any prolonged and extensive closures of significant numbers of our DIY stores with garden centers or any macroeconomic shocks or severe deterioration in consumer confidence.



The sales performance in Germany, the Netherlands, Austria was exceptionally positive through to the beginning of the hard lockdown in December and most recently characterized by substantial volumes of purchases being brought forward. All other countries have also witnessed significantly higher customer demand in the course of December 2020 compared with the same month last year. The downside risks are therefore mainly limited to the months of January and February 2021.

The nationwide lockdown measures imposed in Germany, the Netherlands, Austria, and Slovakia in the second half of December mean that around four fifths of the Group's total of 161 DIY stores are affected by material restrictions on sales through to the end of January. However, we believe that the negative impact on the Group's sales and earnings for the duration of the lockdown requirements currently known of in the aforementioned countries will be on a scale that will most likely still be covered by the existing forecast range. **Consolidated sales** (2019/20: € 4.4 billion) are therefore still expected to show growth in a corridor of **between plus 14 % and plus 18 %**. Depending on the extent of potential coronavirus-related effects, the Board of Management expects **adjusted EBIT** (2019/20: € 182 million) to range **between € 240 million and € 310 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.

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

**Cost ratios**

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

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

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

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

**Equity ratio**

*Alternative key performance figure to comment on asset position*

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

**Net financial debt**

*Alternative key performance figure to comment on financial position*

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

**Gross margin**

*Further key performance figure to comment on earnings performance*

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

# INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## Income Statement

€ million	3 <sup>rd</sup> Quarter 2020/21	3 <sup>rd</sup> Quarter 2019/20	Change in %	Nine Months 2020/21	Nine Months 2019/20	Change in %
Sales	1,275.2	1,054.5	20.9	4,224.2	3,499.3	20.7
Cost of goods sold	824.0	675.8	21.9	2,702.2	2,225.0	21.5
<b>Gross profit</b>	<b>451.2</b>	<b>378.7</b>	<b>19.1</b>	<b>1,522.0</b>	<b>1,274.3</b>	<b>19.4</b>
Selling and store expenses	340.9	298.6	14.1	998.1	917.6	8.8
Pre-opening expenses	1.7	2.2	(24.1)	3.2	5.7	(43.9)
General and administration expenses	59.0	54.9	7.5	170.3	166.8	2.1
Other income and expenses	3.1	5.9	(47.2)	9.5	15.6	(39.2)
<b>Earnings before interest and taxes (EBIT)</b>	<b>52.8</b>	<b>29.0</b>	<b>82.5</b>	<b>359.8</b>	<b>199.9</b>	<b>80.0</b>
Interest and similar income	0.0	0.2	(83.3)	0.2	0.4	(47.2)
Interest and similar expenses	14.2	15.1	(6.2)	41.3	43.9	(5.9)
Other financial result	(0.7)	1.1	>-100	(1.8)	1.0	>-100
<b>Net financial expenses</b>	<b>(14.8)</b>	<b>(13.9)</b>	<b>(7.0)</b>	<b>(42.9)</b>	<b>(42.6)</b>	<b>(0.7)</b>
<b>Consolidated earnings before taxes</b>	<b>38.0</b>	<b>15.1</b>	<b>&gt;100</b>	<b>316.9</b>	<b>157.3</b>	<b>&gt;100</b>
Taxes on income	9.8	3.2	>100	78.3	39.0	>100
<b>Consolidated net income</b>	<b>28.2</b>	<b>11.9</b>	<b>&gt;100</b>	<b>238.6</b>	<b>118.3</b>	<b>&gt;100</b>
Basic/diluted earnings per share (€)	0.89	0.37	>100	7.50	3.72	>100

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

## Balance Sheet

Assets	November 30, 2020		February 29, 2020	
	€ million	%	€ million	%
<b>Non-current assets</b>				
Intangible assets	16.6	0.4	15.9	0.4
Property, plant, and equipment	1,127.5	29.2	1,097.7	30.8
Investment property	7.0	0.2	6.7	0.2
Right-of-use assets	1,164.3	30.2	1,217.8	34.2
Financial assets	7.2	0.2	10.5	0.3
Other non-current receivables and assets	1.5	0.0	1.3	0.0
Deferred tax assets	12.0	0.3	10.4	0.3
	<b>2,336.1</b>	<b>60.6</b>	<b>2,360.3</b>	<b>66.2</b>
<b>Current assets</b>				
Inventories	762.0	19.8	814.4	22.9
Trade receivables	17.7	0.5	11.6	0.3
Contract assets	1.8	0.0	1.6	0.0
Other current assets	79.4	2.1	72.1	2.0
Income tax receivables	4.3	0.1	2.1	0.1
Cash and cash equivalents	655.4	17.0	302.2	8.5
	<b>1,520.6</b>	<b>39.4</b>	<b>1,203.9</b>	<b>33.8</b>
	<b>3,856.7</b>	<b>100.0</b>	<b>3,564.3</b>	<b>100.0</b>

Equity and liabilities	November 30, 2020		February 29, 2020	
	€ million	%	€ million	%
<b>Shareholders' equity</b>				
Share capital	95.4	2.5	95.4	2.7
Capital reserve	143.6	3.7	143.6	4.0
Revenue reserves	1,101.7	28.6	893.0	25.1
	<b>1,340.8</b>	<b>34.8</b>	<b>1,132.1</b>	<b>31.8</b>
<b>Non-current liabilities</b>				
Non-current financial debt	541.4	14.0	540.9	15.2
Non-current lease liabilities	657.2	17.0	681.7	19.1
Non-current lease liabilities related to affiliated companies	444.3	11.5	463.2	13.0
Pensions and similar obligations	22.1	0.6	24.2	0.7
Deferred tax liabilities	11.8	0.3	12.6	0.4
Other non-current liabilities	41.4	1.1	41.5	1.2
	<b>1,718.2</b>	<b>44.6</b>	<b>1,764.3</b>	<b>49.5</b>
<b>Current liabilities</b>				
Current financial debt	50.8	1.3	50.9	1.4
Current lease liabilities	77.4	2.0	78.5	2.2
Current lease liabilities related to affiliated companies	58.6	1.5	60.1	1.7
Trade payables	261.3	6.8	250.7	7.0
Contract liabilities	39.9	1.0	34.4	1.0
Other current liabilities	112.8	2.9	76.0	2.1
Income tax liabilities	72.8	1.9	17.6	0.5
Other provisions and accrued liabilities	124.2	3.2	99.5	2.8
	<b>797.7</b>	<b>20.7</b>	<b>667.9</b>	<b>18.7</b>
	<b>3,856.7</b>	<b>100.0</b>	<b>3,564.3</b>	<b>100.0</b>

## Statement of Changes in Equity

Nine Months 2019/20 € million	Share capital	Capital reserve	Cumulative currency translation	Other revenue reserves	Total equity
<b>Balance at March 1, 2019</b>	<b>95.4</b>	<b>143.6</b>	<b>37.3</b>	<b>792.2</b>	<b>1,068.6</b>
Consolidated net income				118.3	118.3
Actuarial gains and losses on defined benefit plans				(9.2)	(9.2)
Measurement of available for equity instruments, net after taxes				2.5	2.5
Exchange differences arising on the translation of foreign subsidiaries			5.0		5.0
<b>Total comprehensive income</b>			<b>5.0</b>	<b>111.6</b>	<b>116.6</b>
Dividend distribution				(21.6)	(21.6)
Treasury stock transactions				0.1	0.1
<b>Balance at November 30, 2019</b>	<b>95.4</b>	<b>143.6</b>	<b>42.3</b>	<b>882.4</b>	<b>1,163.7</b>

Nine Months 2020/21 € million	Share capital	Capital reserve	Cumulative currency translation	Other revenue reserves	Total equity
<b>Balance at March 1, 2020</b>	<b>95.4</b>	<b>143.6</b>	<b>47.8</b>	<b>845.2</b>	<b>1,132.1</b>
Consolidated net income				238.6	238.6
Actuarial gains and losses on defined benefit plans, net after taxes				2.8	2.8
Measurement of available for equity instruments, net after taxes				(3.2)	(3.2)
Exchange differences arising on the translation of foreign subsidiaries			(7.6)		(7.6)
<b>Total comprehensive income</b>			<b>(7.6)</b>	<b>238.2</b>	<b>230.6</b>
Dividend distribution				(21.6)	(21.6)
Treasury stock transactions				(0.2)	(0.2)
<b>Balance at November 30, 2020</b>	<b>95.4</b>	<b>143.6</b>	<b>40.2</b>	<b>1,061.5</b>	<b>1,340.8</b>

## Cash Flow Statement

€ million	Nine Months 2020/21	Nine Months 2019/20
<b>Consolidated net income</b>	<b>238.6</b>	<b>118.3</b>
Depreciation and amortization of investments in property, plant, and equipment and in intangible assets	55.4	57.2
Depreciation of right-of-use assets	113.6	116.4
Change in provisions	1.7	2.1
Gains/losses on disposals of non-current assets and of non-current assets held for sale	(0.7)	0.7
Change in inventories, trade receivables and other assets	36.0	24.6
Change in trade payables and other liabilities	134.4	37.4
Other non-cash income/expenses	(4.1)	(3.8)
<b>Cash flow from operating activities</b>	<b>574.9</b>	<b>352.9</b>
Proceeds from disposal of non-current assets and of non-current assets held for sale	1.4	1.8
Payments for investments in property, plant, and equipment	(90.7)	(71.1)
Payments for investments in intangible assets	(3.6)	(2.6)
Cash paid for investments in connection with short-term finance planning	0.0	(240.1)
<b>Cash flow from investing activities</b>	<b>(92.9)</b>	<b>(312.0)</b>
Dividends paid	(21.6)	(21.6)
Proceeds from taking up long-term debt	0.0	248.1
Repayment of current and non-current lease liabilities	(105.9)	(104.8)
Payments for transaction costs	0.0	(1.4)
Change in current financial debt	0.1	1.2
<b>Cash flow from financing activities</b>	<b>(127.4)</b>	<b>121.4</b>
Cash-effective change in cash and cash equivalents	354.6	162.3
Change in cash and cash equivalents due to changes in exchange rates	(1.3)	0.6
Cash and cash equivalents at March 1	302.2	242.5
<b>Cash and cash equivalents at November 30</b>	<b>655.4</b>	<b>405.5</b>

## Segment Report

Nine Months 2020/21 in € million Nine Months 2019/20 in € million	Retail	Real Estate	Headquarters	Consolidation	HORNBACH Baumarkt AG Group
<b>Segment sales</b>	<b>4,222.1</b>	<b>211.6</b>	<b>0.0</b>	<b>(209.5)</b>	<b>4,224.2</b>
	3,495.9	209.4	0.0	(206.0)	3,499.3
Sales to third parties	4,222.1	0.0	0.0	0.0	4,222.1
	3,495.9	0.0	0.0	0.0	3,495.9
Rental income from third parties	0.0	2.1	0.0	0.0	2.1
	0.0	3.3	0.0	0.0	3.3
Rental income from affiliated companies	0.0	209.5	0.0	(209.5)	0.0
	0.0	206.0	0.0	(206.0)	0.0
<b>EBIT</b>	<b>292.5</b>	<b>85.9</b>	<b>(18.6)</b>	<b>0.1</b>	<b>359.8</b>
	138.6	76.8	(15.9)	0.4	199.9
of which: depreciation and amortization	38.0	123.5	7.5	0.0	169.0
	40.6	124.7	8.4	0.0	173.6
<b>Segment earnings (adjusted EBIT)</b>	<b>292.5</b>	<b>85.9</b>	<b>(18.6)</b>	<b>0.1</b>	<b>359.8</b>
	138.6	77.8	(15.9)	0.4	200.9
<b>EBITDA</b>	<b>330.5</b>	<b>209.4</b>	<b>(11.1)</b>	<b>0.1</b>	<b>528.8</b>
	179.2	201.5	(7.5)	0.4	373.5
<b>Segment assets</b>	<b>1,204.1</b>	<b>2,118.6</b>	<b>517.7</b>	<b>0.0</b>	<b>3,840.3</b>
	1,078.1	2,152.6	581.0	0.0	3,811.8

Reconciliation in € million	Nine Months 2020/21	Nine Months 2019/20
<b>Segment earnings (adjusted EBIT)</b>	<b>359.8</b>	<b>200.9</b>
Non-operating effects	0.0	(1.0)
Net financial expenses	(42.9)	(42.6)
<b>Consolidated earnings before taxes</b>	<b>316.9</b>	<b>157.3</b>



## FINANCIAL CALENDAR

March 23, 2021	2020/21 Trading Statement
May 27, 2021	2020/21 Annual Results Press Conference 2020/21 Annual Report as of February 28, 2021 DVFA Analysts' Conference of HORNBACH Baumarkt AG
June 25, 2021	Quarterly Statement: 1 <sup>st</sup> Quarter of 2021/22 as of May 31, 2021
July 7, 2021	Annual General Meeting of HORNBACH Baumarkt AG
September 30, 2021	Half-Year Financial Report 2021/22 as of August 31, 2021
December 22, 2021	Quarterly Statement: 3 <sup>rd</sup> Quarter of 2021/22 as of November 30, 2021

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## DISCLAIMER

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