Annual Report **2023/2024**

HORNBACH HOLDING

AG & Co. KGaA Group

HORNBACH
Holding

Key Group, Financial and Operating Data

Amounts shown in € million unless otherwise stated	Change financial year 2023/24 on previous year	IFRS 2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15
Sales and earnings figures											
Net sales	(1.6)%	6,161	6,263	5,875	5,456	4,729	4,362	4,141	3,941	3,755	3,572
of which: Other European Countries	0.3 %	3,003	2,994	2,726	2,471	2,193	1,986	1,829	1,679	1,533	1,400
Sales growth as % of net sales		(1.6)	6.6	7.7	15.4	8.4	5.3	5.1	4.9	5.1	6.0
EBITDA	(6.2)%	474	505	565	516	420	235	263	254	231	243
as % of net sales		7.7	8.1	9.6	9.5	8.9	5.4	6.3	6.5	6.2	6.8
EBIT	(12.7)%	226	259	355	312	214	121	161	157	138	165
as % of net sales		3.7	4.1	6.0	5.7	4.5	2.8	3.9	4.0	3.7	4.6
Adjusted EBIT [1]	(12.4)%	254	290	363	326	227	135	166	160	151	167
as % of net sales		4.1	4.6	6.2	6.0	4.8	3.1	4.0	4.1	4.0	4.7
Earnings before taxes and non-controlling interest	(17.9)%	179	218	314	266	166	99	132	130	113	140
as % of net sales		2.9	3.5	5.3	4.9	3.5	2.3	3.2	3.3	3.0	3.9
Net income for the year before non-controlling interest	(21.5)%	132	168	245	201	123	75	96	90	98	107
as % of net sales		2.1	2.7	4.2	3.7	2.6	1.7	2.3	2.3	2.6	3.0
Gross margin as % of net sales		33.8	33.4	35.0	35.2	35.8	36.0	36.6	36.6	37.0	37.3
Store expenses as % of net sales		25.6	24.9	24.7	25.6	26.7	28.2	27.8	27.9	28.5	27.9
Costs of central administration as % of net sales		4.8	4.5	4.4	4.8	4.9	5.2	5.2	4.9	4.9	4.6
Pre-opening expenses as % of net sales		0.1	0.1	0.3	0.1	0.2	0.2	0.1	0.2	0.3	0.4
Cash flow figures											
Cash flow from operating activities	6.9 %	455	425	345	347	324	54	182	179	152	156
Investments [2]	(5.3)%	193	203	179	154	131	196	148	179	156	119
Proceeds from divestments		10	5	7	5	10	5	9	11	3	5
Earnings potential [3]	6.7 %	461	432	362	354	332	61	187	185	162	171
as % of net sales		7.5	6.9	6.2	6.5	7.0	1.4	4.5	4.7	4.3	4.8
Dividend distribution		38.4	38.4	38.4	38.4	24.0	24.0	24.0	24.0	12.6	12.6
Balance sheet and financial figures											
Total assets	(5.3)%	4,477	4,726	4,306	4,008	3,760	3,011	2,668	2,648	2,680	2,433
Non-current assets [4]	(0.2)%	2,670	2,676	2,551	2,397	2,379	1,757	1,686	1,651	1,561	1,336
Inventories	(13.5)%	1,196	1,382	1,230	993	861	799	699	662	623	567
Cash and cash equivalents	(15.3)%	370	437	332	435	368	316	164	190	350	401
Shareholders' equity	2.7 %	1,948	1,897	1,761	1,772	1,604	1,507	1,463	1,398	1,334	1,259
as % of total assets		43.5	40.1	40.9	44.2	42.7	50.0	54.8	52.8	49.8	51.7
Return on shareholders' equity based on net income in %		6.8	9.2	13.8	11.9	7.9	5.1	6.7	6.6	7.5	8.8
Net working capital	(10.1)%	794	884	928	846	727	678	532	531	464	441
Additions to non-current assets	(37.0)%	225	357	357	241	837	196	148	198	325	121
Inventory turnover rate per year		3.3	3.2	3.7	4.2	3.8	3.9	3.9	3.9	4.1	4.2
Other information											
Employees, annual average, converted into full-time equivalents	0.8 %	20,750	20,582	19,961	18,720	17,935	17,053	16,223	15,751	15,283	14,663
Number of shares [5]		15,990,807	15,993,125	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000
Earnings per share in EUR [6]		7.83	9.83	12.48	10.33	6.56	4.08	5.11	4.84	5.04	5.64

1) Adjusted for non-operating items
2) Excluding investment in short-term financial deposits (2016/17 financial year: € 30 million)
3) Cash flow from operating activities plus pre-opening expenses
4) Starting in the 2019/20 financial year: including right-of-use assets (IFRS 16)
5) Excess shares from the share buyback for the employee share program are held as treasury stock as of Feb 28/29
6) Until the 2014/15 financial year: average earnings per share in € (ordinary and preference shares of HORNBACH HOLDING AG)

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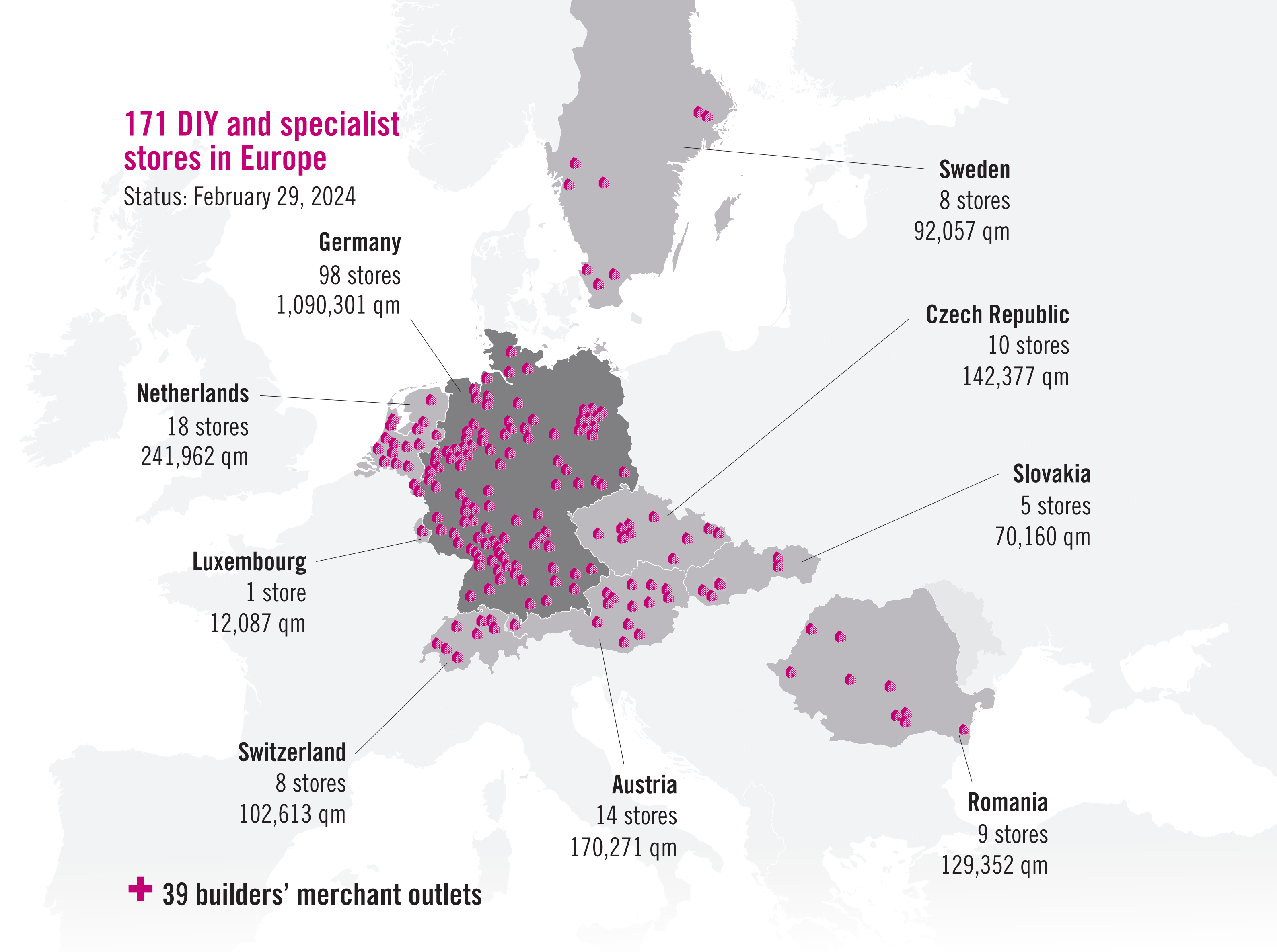

Company Profile

HORNBACH is one of the leading DIY retail groups in Germany and Europe, with 169 DIY stores and garden centers, 2 specialist stores, 39 builders' merchant outlets as well as online shops in nine European countries. HORNBACH's megastores and online shops offer DIY enthusiasts and professionals a broad product range of more than 280,000 high-quality articles at permanently low prices. HORNBACH supplements its products with a wide range of project-based advice and services.

1877

HORNBACH was founded more than 140 years ago and is still family-managed, now in the fifth generation.

€ 6.2 billion

Consolidated sales were at € 6.2 bn in the 2023/24 financial year.

€ 2,823

HORNBACH is the German DIY market leader in terms of sales per square meter.

Dividend gem

Since its IPO in 1987, HORNBACH Holding AG & Co. KGaA has each year distributed a dividend at least as high as the year before.

No. 1

HORNBACH regularly receives top rankings for its product range and prices in customer satisfaction surveys.

62%

HORNBACH owns more than half the properties used for its retail operations.

TO OUR SHAREHOLDERS

Letter from the CEO

Albrecht Hornbach, Vorstandsvorsitzender der HORNBACH Management AG

Dear Ladies and Gentlemen,

The 2023/24 financial year presented numerous challenges. I can nevertheless establish that we at HORNBACH view the development of our company with great optimism and confidence. We are on course and can report solid key figures. We concluded the 2023/24 financial year in accordance with our sales and earnings guidance. In the period from March 1, 2023 to February 29, 2024, the HORNBACH Group generated net sales of € 6.2 billion, equivalent to a reduction of 1.6% on the previous year.

If we consider the company's performance over a slightly longer period, and as a family-managed retail company that is the way we plan, then we can see a very pleasing picture, one in which our group of companies developed very positively over the past five years. In the 2019/20 financial year, the HORNBACH Group posted total net sales of € 4.7 billion. Back then, prior to the pandemic, that was already a real record year. Adjusted EBIT stood at € 227 million in 2019/20. Today, after what was certainly a challenging 2023/24 financial year, it stands at € 254 million. In terms of our earnings performance, there is a clear link between this and the inflation which set in with the war in Ukraine. This impacted on our gross margin, and thus also on our EBIT. The fact is that, in times of rising prices, retail companies need to be in good shape. That is because procurement prices rise first, before higher retail prices become established in the market. And we are in very good shape in this respect.

I am firmly convinced that the current share price of HORNBACH Holding does not reflect our earnings strength and the company's positive actual performance. And here I would refer in particular to our persistent popularity among customers and the resultant earnings in the past five years, as well as to our ongoing expansion and our distribution policy. We intend to continue growing successfully in the European market in the long term as well, with new stores, new digital offerings, and new services. For us, rhythm is the source of our strength. The right rhythm drives organic growth and provides motion, vigor, and dynamism.

The ongoing wars and military conflicts in Eastern Europe and the Middle East and the shocking news these involve have left their mark. They give rise to a feeling of powerlessness among many people. And that leads them to withdraw into their private spheres. Their apartments, houses, and gardens are their source of strength and focal points for gatherings with family and friends. And they are places where everyone has the power to create things with their own hands. Do-it-yourself is the order of the day, and that is the opportunity for the DIY sector.

To make sure that we too remain successful in future, as a company we worked on numerous projects in the past financial year. In December 2023, for example, Seniovo – a highly innovative startup in Berlin – became part of the HORNBACH Group. Seniovo is the German market leader for serial senior-friendly bathroom conversions. We see this topic as harboring great potential. Not only that: The acquisition supplements the numerous services we offer to our customers, also with our trade service, in ways that make good sense.

A year has now passed since we extended the Boards of Management at HORNBACH Baumarkt AG and HORNBACH Management AG. The members who newly joined these Boards are today working even more closely on HORNBACH's strategic further development. That is a good sign for the future. Here too, we are well on course.

The first months of the 2024/25 financial year show a very pleasing picture at our DIY stores and garden centers as far as demand from our customers is concerned. That should not create any inflated expectations concerning our sales growth and earnings. We continue to attach the utmost priority to organic development and high-quality locations in large catchment areas, and we build on long-term solutions. We will continue to align our product range and services to the needs of our customers in future as well. And our permanent low price strategy is also not up for debate.

In our guidance for HORNBACH Holding for the 2024/25 financial year, overall we expect slight sales growth and adjusted EBIT at or slightly higher than the level reported for the 2023/24 financial year.

We are people who do what we say we will do. That also applies to Corporate Social Responsibility, one of the most important topics for our future operating capacity. We are in the midst of a major transformation, the positive and negative consequences of which are not yet foreseeable. It is a fact that we cannot avoid continually reducing CO_2 emissions. By 2030, we aim for a reduction in Scope 1 and 2 carbon dioxide equivalents on Group level that is compatible with the 1.5-degree target in the Paris Climate agreement. With regard to our product range, we are working to achieve the greatest possible transparency concerning the origin, contents, and environmental impacts of our products. This way, we aim to enable our customers to better assess ecological, health, and social aspects when making their purchases.

The crucial factor in this topic is nevertheless always people. We all have to work together to take care of our planet if we wish to have a future worth living in.

Yours faithfully,

Albrecht Hornbach

Chief Executive Officer of HORNBACH Management AG,
General Partner of HORNBACH Holding AG & Co. KGaA

Report of the Supervisory Board

Dr. John Feldmann, Supervisory Board Chair of HORNBACH Holding AG & Co. KGaA

Dear Shareholders,

In 2023, many of the geopolitical balances of power on which we had long relied were further dislocated, unresolved conflicts within and across societies were violently escalated, while the technological and ecological challenges we face are becoming increasingly complex. Political, economic, and social relationships are being questioned. Value chains have to be newly developed and structured. In particular, when it comes to mastering the challenges presented by sustainable development we lack a science-based consensus within society.

For people living in the European countries in which the HORNBACH Group operates, these conflicts were more present than in the past, and their consequences were experienced more directly. Alongside the uncertainties and insecurities caused by political and military conflicts, comparatively high rates of inflation at the beginning of the year and rising interest rates led to distinct reluctance to consume, a development which affected both manufacturers and retailers. Damp and cold weather at the beginning of the year exacerbated this trend, particularly for DIY and garden retailers. As 2023 progressed, inflationary pressure receded in most countries, while expectations of a lowering in interest rates arose and the purchasing power of many potential customers increased. Viewed over the year as a whole, gross domestic product nevertheless contracted in virtually all countries. The construction sector in particular suffered from these financial insecurities, as well as from limited availabilities of qualified workers and some categories of material. Furthermore, the rising number and growing complexity of ordinances and regulations, particularly those relating to the energy transition, a development which in itself is absolutely accepted and favored within society, created further insecurities. Clear priorities, a consensus on financing concepts, technologies, and timeframes that accounts for individual situations and circumstances, and creative ideas are urgently required, as is the insight that not everything that is desirable is possible at the same time and that compromises will have to be made.

In 2023, the DIY sector had to contend with significantly lower demand accompanied by a simultaneous increase in personnel and infrastructure expenses.

The HORNBACH Group posted a superb performance compared with its competitors once again in 2023/24. The number of customers visiting our stores rose year-on-year by 2.3%, while subdued consumer confidence nevertheless led to a slight reduction in volumes. HORNBACH was able to improve its market position and gain market share in nearly all countries. Its sales per surface unit still lead the market. The share of online sales remains significantly ahead of pre-pandemic levels.

A stronger gross margin based on lower procurement prices and strict cost controls aimed at enhancing efficiency and effectiveness without threatening the attractiveness and availability of products for our customers – these were key factors which enabled the operating business to post a satisfactory performance in the given circumstances. In the final months of the financial year, the weak results seen at the beginning of the year could be made up for to a certain extent. Major technology projects to boost the company's long-term performance capacity were continued on schedule. Due above all to targeted measures to reduce inventories, the cash flow increased significantly. In the financial year under report, HORNBACH Baumarkt AG acquired Seniovo GmbH, a company specializing in barrier-free bathroom conversion work, and thus strengthened HORNBACH's trade service.

The HORNBACH Baustoff Union GmbH Subgroup was directly affected by the subdued climate in the construction industry and, in defending its regional market positions, had to absorb downturns in both sales and earnings.

Overall, in this challenging year the HORNBACH Group documented that interconnected retail enables market potential to be appropriately and sustainably exploited. It therefore forms the basis for further successfully expanding the company's market position and earnings capacity. The Supervisory Board is convinced and trusts that the HORNBACH Group's management team and its employees will implement this concept both in a targeted manner and successfully in the company's operating activities.

The Supervisory Board of HORNBACH Holding AG & Co. KGaA closely advised and monitored the General Partner at several meetings. Furthermore, the Supervisory Board Chair and the Audit Committee Chair, as the finance and ESG expert, in particular held several meetings with members of the Boards of Management of HORNBACH Management AG, the General Partner of the company, and HORNBACH Baumarkt AG to discuss the current situation, opportunities, risks, and measures. The other members of the Supervisory Board were also involved in regular oral and written dialog with members of the Boards of Management.

The members of the Supervisory Board were elected for a further five years by the company's Annual General Meeting on July 7, 2023. The Nomination Committee is preparing for positions on the board to be reoccupied gradually in the years ahead. It thus plans to develop a "staggered board", one in which the terms of office no longer expire simultaneously for all Supervisory Board members.

Digitalization and the growing contribution made by artificial intelligence to reshaping and structuring business processes in the retail sector as well will remain key components of the dialog with the Board of Management of HORNBACH Management AG, as will the impact of these developments on qualification requirements and further training for managers and employees. Management development and succession planning will be significantly influenced by these factors and are core tasks for the Board of Management of HORNBACH Management AG.

In its reporting on the 2024/25 financial year, the company will integrate disclosures on the requirements of the Corporate Sustainability Reporting Directive (CSRD) into its management report. These will require mandatory qualitative and quantitative ESG disclosures and disclosures on the EU Taxonomy. The Supervisory Board, and in particular the Audit Committee, have therefore looked closely into the development status for these new reporting standards at the company. As Audit Committee Chair, Melanie Thomann-Bopp, has assumed a guiding role for the Supervisory Board for addressing ESG-related matters. The Supervisory Board will continue to accompany developments in this group of topics closely. This reporting will without doubt present a particular challenge, as neither a realistic canon of facts to be reported that is accepted as a standard nor specimen examples yet exist for this purpose. It will therefore be crucial to set priorities based on economic and ecological challenges and account for a realistic assessment of data collection possibilities at proportionate expense.

Consistent with its Articles of Association and statutory requirements, HORNBACH Holding AG & Co. KGaA does not have a Board of Management. The company's business is rather managed by the General Partner. The report on the remuneration of members of the Board of Management of HORNBACH Management AG, the company's General Partner, submitted to shareholders last year for approval was approved by a large majority. As outlined in the current remuneration report, the remuneration system thereby presented, which was extended as of March 1, 2023 to include ESG criteria, continues to apply with minor forward-looking adjustments and is based on the recommendations of the German Corporate Governance Code. The levels of remuneration are regularly benchmarked with those at SDAX companies. As in the previous year already, the criteria referred to when calculating multiyear variable remuneration for the 2024/25 financial year include ESG criteria (weighted at 25%) in addition to the financial criteria (premium of return on capital employed (ROCE) over costs of capital (WACC) at 50%, total shareholder return (TSR) compared with the SDAX benchmark at 25%). The calculation bases used to measure the individual ESG targets of CO_2 emissions, employee satisfaction, and diversity have been updated for the 2024/25 financial year. They comprise target agreements for sustainability labeling for those products that have a particularly small ecological footprint compared with alternatives, for customer satisfaction, employee satisfaction, diversity in management levels below the Board of Management of HORNBACH Baumarkt AG, and contributions towards reducing emissions harmful to the climate in Scopes 1 and 2. Further information can be found in the remuneration report.

Furthermore, a dialog between the Supervisory Board Chair of HORNBACH Holding AG & Co. KGaA and investors was established for the first time in the 2023/24 financial year. Both prior to and subsequent to the Annual General Meeting, talks were held with institutional investors concerning the topics addressed at the Annual General meeting. Key focuses included the topics of sustainability (ESG), ESG components of management board remuneration, the election of Supervisory Board members, and the Declaration of Conformity with the German Corporate Governance Code. In January 2024, the Supervisory Board held a governance roadshow for institutional investors in Frankfurt am Main. Here too, the aforementioned topics were discussed at meetings held in person. In connection with succession planning, one topic discussed with the Supervisory Board Chair included the establishment of a "staggered board" concept for the Supervisory Board of HORNBACH Holding AG & Co. KGaA.

The Supervisory Board Chair was available to an appropriate extent to address any ad-hoc inquiries for dialog with institutional investors on topics concerning the Supervisory Board.

Meetings of the Supervisory Board

The Supervisory Board held a total of four meetings in the 2023/24 financial year. Attendance amounted to 100.0% for meetings of the Supervisory Board and its committees.

The attendance of Supervisory Board meetings by individual Supervisory Board members is presented in the following overview:

Supervisory Board member	Meetings attended	Attended on location	Attended by video conference	Attendance in %
Dr. John Feldmann, Chair	4/4	4	0	100.0
Martin Hornbach, Deputy Chair	4/4	4	0	100.0
Simone Krah	4/4	4	0	100.0
Simona Scarpaleggia	4/4	2	2	100.0
Vanessa Stützle	4/4	4	0	100.0
Melanie Thomann-Bopp	4/4	2	2	100.0
Total				100.0

Meetings of the Supervisory Board and its committees in the 2023/24 financial year were held in person or by video conference in accordance with the Articles of Association; even in the case of meetings held by video conference, several members of the Supervisory Board or the respective committee were actually present on location. Of the total of four Supervisory Board meetings in the 2023/24 financial year, two meetings were held in person and two by video conference in accordance with the Articles of Association, although a clear majority of members physically attended these meetings on location (see overview).

At its meetings, the Supervisory Board dealt in detail with the business performance and economic situation of the company on the basis of oral and written reports provided by the Board of Management of the General Partner. The members of the Supervisory Board also extensively addressed the further strategic development of the company's business, investment, and financial policy, as well as its corporate governance and compliance. The Supervisory Board informed itself extensively about the company's opportunity and risk situation, and the implementation of risk management, and discussed these matters with the Board of Management of the General Partner. The Board of Management of the General Partner also provided regular written and oral reports on the company's current situation, particularly with regard to the impact of the Russia/Ukraine war and the Middle East conflict on trading activities, as well as on the development in the company's sales, earnings, and financial position compared with the previous year and the budget. These reports also dealt in detail with how the company was responding to the weak macroeconomic situation and inflation. Budget variances were explained and measures discussed. Furthermore, the topic of sustainability (ESG) played a central role in the activities of the board in the past financial year (see section of report dealing with the activities of the Audit Committee).

At the meeting held in May 2023 to approve the annual financial statements, the Supervisory Board examined the annual and consolidated financial statements for the past financial year in great detail in the presence of the auditor. Furthermore, the Audit Committee also reported on its work and the findings of its audit. The auditor from Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Mannheim ("Deloitte" or "the auditor") answered all questions raised by Supervisory Board members extensively and exhaustively. The report of the Supervisory Board and the corporate governance statement were also approved and the remuneration report discussed at this meeting. Moreover, the agenda for the Annual General Meeting, including proposed resolutions, was adopted. In May 2023, the Supervisory Board also dealt with the audit of the non-financial Group declaration with participation by the auditor. In addition, given the growing shortage of specialists the Supervisory Board received particular report on the personnel strategy and succession planning in place at the Group and will continue to monitor this topic in future as well.

At the meeting held directly before the Annual General Meeting in July 2023, the Board of Management reported on the current situation of the Group, while at the inaugural meeting held after the Annual General Meeting the Supervisory Board held extensive discussions concerning special strategic topics in the fields of procurement and finance. Furthermore, the dates of scheduled meetings up to and including the 2025/26 financial year were agreed in principle.

In December 2023, the Board of Management and Supervisory Board discussed the Group's current business situation. Furthermore, like every year at the December meeting the Supervisory Board assessed the efficiency of its activities in accordance with § 12 of the Rules of Procedure for the Supervisory Board, which are published on the website. To this end, together with the other meeting documents Supervisory Board members were provided in advance with a questionnaire with six topic groups, each including two to four questions, to ensure an efficient exchange of opinions at the meeting. This year, the topic groups addressed by the questionnaire were internally revised, structured, and worked out in greater detail. The Supervisory Board concluded that, not least in view of the rising number and complexity of regulatory requirements, the quality of its work remained very high. Like every year, a further topic addressed at this meeting was the resolution on the updated Declaration of Compliance with the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (AktG). This declaration was made permanently available on the company's websites. HORNBACH Holding AG & Co. KGaA complied with and continues to comply with the recommendations of the German Corporate Governance Code to the extent that these are applicable to a partnership limited by shares (KGaA). Further information about corporate governance at HORNBACH Holding AG & Co. KGaA can be found in the "Corporate Governance Statement".

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Company > Corporate Governance > Declarations of Compliance

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Company > Supervisory Board

At its final meeting in the past 2023/24 financial year, held in February 2024, the Supervisory Board addressed the Group's current business situation, as well as the budget for the financial years 2024/25 to 2028/29, which was discussed in detail. Furthermore, the Supervisory Board was informed about the annual report and audit planning at the Internal Audit department and about sustainability topics.

The Supervisory Board member Martin Hornbach abstained in the vote on a transaction requiring Supervisory Board approval, namely for an increase in the budget for a contract already concluded in the previous financial year between HORNBACH Baumarkt AG (as a subsidiary of HORNBACH Holding AG & Co. KGaA) and Alinea & Company GmbH, a company in which Martin Hornbach owns a not insignificant indirect shareholding. No conflicts of interest arose in the year under report. The manner in which the Supervisory Board addresses any conflicts of interest which arise is governed by § 1 (5) and (6) of the Rules of Procedure for the Supervisory Board.

Both the Supervisory Board and the Audit Committee regularly held consultations in the absence of the Board of Management of the General Partner. These consultations, which addressed material topics and developments, were held both within the respective bodies and with the auditor.

Committees and committee meetings

The Supervisory Board has established three committees. The current composition of the committees can be found in the "Directors and Officers" chapter of this Annual Report and on the company's website. The attendance of the respective committee meetings by individual Supervisory Board members is presented in the following overview:

Directors and Officers
Supervisory Board committees

Audit Committee	Meetings attended	Attended on location	Attended by video conference	Attendance in %
Melanie Thomann-Bopp, Chair and ESG Officer	5/5	2	3	100.0
Dr. John Feldmann	5/5	5	0	100.0
Martin Hornbach	5/5	4	1	100.0
Simone Krah	5/5	5	0	100.0
Total				100.0

Special Committee	Meetings attended	Attended on location	Attended by video conference	Attendance in %
Melanie Thomann-Bopp, Chair	2/2	0	2	100.0
Dr. John Feldmann	2/2	2	0	100.0
Simone Krah	2/2	2	0	100.0
Total				100.0

Nomination Committee	Meetings attended	Attended on location	Attended by video conference	Attendance in %
Dr. John Feldmann, Chair	1/1	1	0	100.0
Simone Krah (until 07.07.2023)	1/1	1	0	100.0
Martin Hornbach (from 07.07.2023)	0/0	-	-	-
Melanie Thomann-Bopp	1/1	0	1	100.0
Total				100.0

The Audit Committee met five times in the year under report. Of these five meetings, two were held in person and three as video conferences in accordance with the Articles of Association. The meetings took place in May, June, September, December 2023, and February 2024.

In May 2023, the Audit Committee discussed the annual financial statements of HORNBACH Holding AG & Co. KGaA and the consolidated financial statements, management reports, proposed appropriation of profits, and audit reports, including the dependent company report and the non-financial (Group) declaration, with the participation of the auditor, as well as the Board of Management of the General Partner. Further key focuses of discussion at this meeting also included the risk report of the Board of Management of the General Partner, Group internal audit reports, the compliance report, and reports from the Board of Management of the General Partner on the company's financial situation. Moreover, an update was provided on the S/4 HANA transformation project, the quality of the audit was assessed, and a proposal was made concerning the candidate to be elected as auditor.

At the June meeting, the statement for the first quarter was discussed in the presence of the auditor and HORNBACH’s marketplace was presented.

At the meeting also held in the presence of the auditor in September 2023, the Audit Committee examined the 2023/24 Half-Year Financial Report as of August 31, 2023 and the Group internal audit report in great detail. Furthermore, the key audit focuses were specified for the audit of the consolidated financial statements. At this meeting, the Audit Committee also addressed the Group’s sustainability targets and measures and received reports on the topic of cybersecurity and the S/4 HANA transformation project.

In December 2023, the Board of Management and the Supervisory Board held detailed discussions concerning the 9-month 2023/24 statement. Furthermore, the risk report, compliance report (focus on German Act on Corporate Due Diligence Obligations in Supply Chains – LkSG), and financial situation were discussed, as was the status update provided on the S4/HANA transformation project. The auditor reported on the latest status of the work already begun on the audit and on the interim status of the cybersecurity maturity assessment.

In February 2024, the budget for the financial years 2024/25 to 2028/29 was addressed in detail. In addition, the committee discussed the annual internal audit report and the internal audit plan for the 2024/25 financial year. In the year under report, the committee also received regular reports on the latest status and impact of the Middle East conflict and the Russia/Ukraine war, as well as the associated challenges.

The Audit Committee Chair reported in detail on the work of the committee to the full Supervisory Board meetings. In addition, the Audit Committee Chair and the auditor also regularly exchanged views on current topics and developments outside the meeting framework.

To take suitable account of the growing importance of ESG topics at the company, the Supervisory Board appointed Melanie Thomann-Bopp as its ESG Officer and integrated ESG into the topics addressed by the Audit Committee. In her management role at Nolte Küchen, Melanie Thomann-Bopp was responsible for coordinating sustainability management across all business divisions from 2021 to 2023. Furthermore, in her current role as CFO at apetito AG she is responsible for developing group-wide CSRD reporting, as a result of which she has outstanding expertise in sustainability-related matters. For the past financial year, the board developed an "ESG Roadmap" under the leadership of Melanie Thomann-Bopp to address defined sustainability targets, relevant developments among external stakeholder groups (such as banks, institutional investors, financial analysts, and rating agencies), and the further development in statutory and financial reporting obligations. The selection of Melanie Thomann-Bopp as ESG Officer was based on the skills and expertise profile adopted by the Supervisory Board for its members.

The Special Committee formed by the Supervisory Board of HORNBACH Holding AG & Co. KGaA held two meetings in the 2023/24 financial year, namely in May and September 2023. Both meetings were held by video conference. Pursuant to § 10 (2) of the Rules of Procedure of the Supervisory Board, the Special Committee performs the tasks incumbent on the Supervisory Board pursuant to § 8 (1) Sentence 2 of the Articles of Association. In particular, it is also responsible for checking and approving invoices submitted by the General Partner pursuant to § 8 (3) of the Articles of Association.

The Nomination Committee held one meeting in the year under report, in May 2023, which also took place by video conference. Pursuant to § 8 (2) of the Rules of Procedure for the Supervisory Board of HORNBACH Holding AG & Co. KGaA, the Nomination Committee submits the names of suitable candidates to the Supervisory Board for its own proposals to the Annual General Meeting concerning the election of Supervisory Board members. Following extensive deliberation, the committee concluded that the Supervisory Board is suitably composed with regard to diversity, financial and ESG expertise, and the fulfilment of its skills and expertise profile. It therefore decided to recommend that the existing Supervisory Board members should be proposed for election to their positions for a further five years. The basis for the selection process conducted by the Nomination Committee is provided by the respectively current version of the skills and expertise profile adopted by the Supervisory Board for its members.

Exchange of ideas on strategy

In December 2023, the Supervisory Boards of HORNBACH Holding AG & Co. KGaA and HORNBACH Management AG shared ideas concerning the strategic alignment of the HORNBACH Group in the presence of the Boards of Management of HORNBACH Baumarkt AG and HORNBACH Management AG.

Composition of Board of Management of General Partner

In the interests of safeguarding the company’s future, the development of management staff is an important task at the HORNBACH Group and is incumbent on the Supervisory Board and Board of Management. Here, HORNBACH relies on a good balance between continuity and change.

In view of this, at its meeting in May 2023 the Supervisory Board appointed Erich Harsch as a further member of the Board of Management of HORNBACH Management AG as of June 1, 2023. He is responsible for the DIY stores and garden centers (HORNBACH Baumarkt AG) and Public Relations. At the same time, the Supervisory Board of HORNBACH Baumarkt AG prematurely reappointed Erich Harsch as Chief Executive Officer of HORNBACH Baumarkt AG.

Composition of Supervisory Board

All members of the Supervisory Board were re-elected at the Annual General Meeting on July 7, 2023. At the inaugural meeting of the Supervisory Board of HORNBACH Holding AG & Co. KGaA held subsequent to the Annual General Meeting, the Supervisory Board Chair and his Deputy were confirmed in their functions for a further five years. The committee members listed above were also determined for the same period.

Furthermore, an extensive range of in-house training was provided to all Supervisory Board members in the 2023/24 financial year. Among other aspects, the content of this training addressed the legal structure of the HORNBACH Group, the legal basis for Supervisory Board activity, relevant regulatory frameworks, liability, and current case law.

Annual and consolidated financial statements

Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Mannheim (Deloitte), audited the annual financial statements and consolidated financial statements of HORNBACH Holding AG & Co. KGaA as of February 29, 2024, as well as the combined management report and Group management report of HORNBACH Holding AG & Co. KGaA for the 2023/24 financial year, and provided them each with unqualified audit opinions. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Moreover, Deloitte confirmed that the Board of Management of the General Partner had suitably implemented the measures required by § 91 (2) AktG, particularly those concerning the establishment of a monitoring system, and that this monitoring system was suitable for the early detection of any developments that could threaten the company's continued existence.

Key audit focuses in the 2023/24 financial year included the measurement of inventories and the recoverability of location properties and of right-of-use assets for location properties in respect of the consolidated financial statements and the recoverability of financial assets and receivables due from associated companies in respect of the annual financial statements.

The financial statements and audit reports were provided to all Supervisory Board members in good time. They were examined in detail at the meeting of the Audit Committee on May 16, 2024 and at the subsequent meeting of the Supervisory Board held the same day to approve the financial statements. The auditor took part in these discussions. He reported on the principal audit findings and, like the Board of Management of the General Partner, was available to provide further information and to answer questions. The auditor did not report any findings or indications that the accounting-related internal control system and the early-warning risk identification system were not appropriate or effective. Deloitte Wirtschafts-prüfungsgesellschaft also informed the Supervisory Board of services provided in addition to its audit of the financial statements. There were no circumstances which gave reason to question the impartiality of the auditor. Furthermore, Deloitte reported on the preliminary planning for the audit of the financial statements for the 2024/25 financial year. Based on the findings of the preliminary audit performed by the Audit Committee and of our own examination of the documents provided by the Board of Management of the General Partner and by the auditor, the Supervisory Board did not raise any objections and endorsed Deloitte's audit findings. The Supervisory Board approved the annual and consolidated financial statements of HORNBACH Holding AG & Co. KGaA prepared by the Board of Management of the General Partner as of February 29, 2024. The Supervisory Board endorsed the appropriation of profits proposed by the Board of Management.

Review of the content of the separate non-financial Group report

In the separate non-financial Group report of HORNBACH Holding AG & Co. KGaA for the reporting period from March 1, 2023 to February 29, 2024, the company has addressed the concerns listed in the German Act to Strengthen Non-Financial Reporting by Companies in their Management Reports and Group Management Reports (CSR Directive Implementing Act) dated April 11, 2017. The Supervisory Board discussed this report in detail and reviewed its contents. At its meeting on May 16, 2024, the Supervisory Board adopted a resolution approving the separate non-financial Group report of HORNBACH Holding AG & Co. KGaA for the reporting period from March 1, 2023 to February 29, 2024. The review of the content of this non-financial reporting by the Supervisory Board was performed with external support in the form of a limited assurance engagement conducted by Deloitte GmbH Wirtschaftsprüfungsgesellschaft. This was commissioned by the Supervisory Board Audit Committee by resolution dated May 12, 2023, in which it requested the auditor to provide suitable support separately from its audit of the annual and consolidated financial statements. In its review, Deloitte GmbH Wirtschaftsprüfungsgesellschaft did not become aware of any matters that would have led the audit company to conclude that the separate non-financial Group report had not, in all material respects, been prepared in accordance with § 315b and § 315c in conjunction with § 289c to § 289e of the German Commercial Code (HGB). At the Supervisory Board meeting on May 16, 2024, Deloitte GmbH Wirtschaftsprüfungsgesellschaft reported on the key findings of its engagement and was available to provide supplementary information.

Audit of the report on relationships with associated companies

Furthermore, the Supervisory Board reviewed the report from the Board of Management of the General Partner on relationships with associated companies pursuant to § 312 AktG. Neither this review nor Deloitte's audit gave rise to objections. Deloitte granted the following audit opinion:

"Based on the audit and assessment we have undertaken in accordance with professional standards, we confirm that

1. the factual disclosures made in the report are correct
2. the company's performance in the transactions listed in the report was not incommensurately high."

Based on the conclusive findings of its audit, the Supervisory Board has no objections to the statement provided by the Board of Management of the General Partner at the end of its report pursuant to § 312 AktG.

Both Europe and the world as a whole face major social, economic, and political changes in the coming years as well. The Supervisory Board is convinced that the HORNBACH Group will master current and future challenges with its customary resilience and power of innovation and would like to thank the Board of Management of the General Partner, managers, and all staff for a successful 2023/24 financial year.

Bornheim (Pfalz), May 2024

The Supervisory Board

Dr. John Feldmann
Chair

Corporate Governance Statement

Our actions are guided by the principles of responsible, transparent corporate management and control (corporate governance). HORNBACH has always accorded priority to high-quality corporate governance. It forms the basis for sustainable economic success and helps us to enhance the trust placed in our company by our customers, business partners, investors, employees, and the financial markets. In what follows, you will find the Corporate Governance Statement pursuant to § 289f and § 315d of the German Commercial Code (HGB). The Corporate Governance Statement forms the core of our reporting on corporate governance.

1. Declaration of Compliance with the German Corporate Governance Code dated December 2023 pursuant to § 161 AktG

The General Partner (HORNBACH Management AG, acting via its Board of Management) and the Supervisory Board of HORNBACH Holding AG & Co. KGaA hereby declare pursuant to § 161 of the German Stock Corporation Act (AktG):

I. Preliminary remarks

The German Corporate Governance Code (“the DCGK” or “the Code”) is tailored to companies with the legal form of a stock corporation (“AG”) or a European Company (“SE”) and does not account for the special circumstances of partnerships limited by shares (“KGaA”). Many of the recommendations made in the Code can only be applied in modified form to HORNBACH Holding AG & Co. KGaA. The following factors in particular require consideration:

1. Management

Numerous Code recommendations refer to the Board of Management. Unlike an AG, however, the KGaA does not have a Board of Management. At a KGaA, the tasks incumbent on the Board of Management are performed by the General Partner. At HORNBACH Holding AG & Co. KGaA, that is HORNBACH Management AG.

2. Supervisory Board

The Code recommendations concerning the Supervisory Board also do not account for the legal form of a KGaA. Specifically, the Supervisory Board of a KGaA does not have any personnel competence in respect of the Board of Management at the General Partner (here: HORNBACH Management AG) and also cannot obligate the latter in terms of the company’s management by laying down transactions subject to approval requirements.

3. Annual General Meeting

The Annual General Meeting of a KGaA basically has the same rights as that at an AG; it additionally passes resolution on the adoption of the company's annual financial statements. Unlike at an AG, some of the resolutions adopted by the Annual General Meeting require the approval of the General Partner (here: HORNBACH Management AG). These include the adoption of the company's annual financial statements.

II. Declaration in respect of the DCGK in the version dated April 28, 2022

1. Future-related section

The company will in future basically comply with the recommendations of the Code in the version dated April 28, 2022 and published in the Federal Official Gazette on June 27, 2022 with the exception of the deviations listed below.
No application is made of the following recommendations: A.1, A.2, B.1 to B.5, D.5, E.2, E.3, G.1 to G.13, G.15, and G.16.

These deviations from the recommendations are due to the fact that the KGaA does not have a Board of Management and that the Supervisory Board of the KGaA does not have any responsibility in respect of the Board of Management of the General Partner of the KGaA, HORNBACH Management AG. Responsibility in this respect is incumbent on the Supervisory Board of HORNBACH Management AG. Specifically:

a) Recommendation A.1:

The Board of Management should systematically identify and assess the risks and opportunities associated with social and environmental factors, as well as the ecological and social impacts of the enterprise's activities. In addition to long-term economic objectives, the corporate strategy should also give appropriate consideration to ecological and social objectives. Corporate planning should include corresponding financial and sustainability-related objectives. The KGaA does not have a Board of Management. However, the Board of Management of the General Partner ensures compliance with the contents stipulated in A.1.

b) Recommendation A.2:

When making appointments to executive positions at the company, the Board of Management should consider diversity. The KGaA does not have a Board of Management. However, the Board of Management of the General Partner ensures compliance with the contents stipulated in A.2.

c) Recommendation B.1 to B.5:

In B.1 to B.5, the Code makes several recommendations concerning the composition of the Board of Management, including succession planning. The KGaA does not have a Board of Management. The Supervisory Board does not have the powers to appoint members of the Board of Management at the General Partner.

d) Recommendation D.5:

The KGaA does not have a Board of Management. The Supervisory Board Chairman is nevertheless in regular contact with the General Partner and discusses with that company's Board of Management issues of strategy, business development, the risk situation, risk management, and compliance at the company.

e) Recommendation E.2 to E.3:

E.2 and E.3 include recommendations concerning the handling of conflicts of interests on the part of members of the Board of Management. The KGaA does not have a Board of Management. Conflicts of interest on the part of members of the Board of Management of the General Partner and any sideline activities are dealt with by the General Partner.

f) Recommendation G.1 to G.13 and G.15 to G.16:
In G.1 to G.13, G.15, and G.16, the DCGK sets out several recommendations concerning the remuneration of the Board of Management. The KGaA does not have a Board of Management and the Supervisory Board does not have the powers to determine the remuneration of members of the Board of Management at the General Partner.

2. Past-related section
Since the submission of its previous Declaration of Compliance in December 2022, the company basically complied with the recommendations of the Code in the version dated April 28, 2022 and published in the Federal Official Gazette on June 27, 2022 with the exception of the deviations already stated and substantiated for the future in Section II. 1. above.

Bornheim bei Landau, December 2023

HORNBACH Holding AG & Co. KGaA
The Supervisory Board of HORNBACH Holding AG & Co. KGaA
The Board of Management of HORNBACH Management AG

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The above Declaration of Compliance dated December 2023 has been published on our website together with all earlier Declarations of Compliance and is also available as a download.

2. Specific Features of the Legal Form and Articles of Association of HORNBACH Holding AG & Co. KGaA

HORNBACH Holding AG & Co. KGaA, based in Neustadt an der Weinstrasse, is a partnership limited by shares (KGaA). Like a stock corporation, the KGaA is a corporation whose capital is divided into shares. Also like a stock corporation, the KGaA is thus very well suited to a broad group of investors and to simple tradability of its shares. Like a limited partnership, on the other hand, the KGaA has two different groups of shareholders, the personally liable shareholder(s) on the one hand and limited shareholders, who are not personally liable, on the other. There is only one class of shares at HORNBACH Holding AG & Co. KGaA and all limited shareholders hold the same class of shares. HORNBACH Holding AG & Co. KGaA is governed by the requirements of German law and the provisions of its own Articles of Association.

2.1 Share capital and share class
The share capital of HORNBACH Holding AG & Co. KGaA amounts to € 48,000,000.00 and is divided into 16,000,000 no-par ordinary bearer shares with a prorated amount of share capital of € 3.00 per share. The ordinary shares in the KGaA are admitted to trading in the Prime Standard of the Frankfurt Stock Exchange (ISIN DE0006083405/ WKN 608340).

2.2 Group management and supervisory structure and bodies
The statutory bodies of the KGaA are the General Partner, the Supervisory Board, and the Annual General Meeting.

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The Articles of Association of HORNBACH Holding AG & Co. KGaA which, alongside legal requirements, define the competencies of the bodies in greater detail, can be downloaded from our website.

2.2.1 General Partner

The General Partner of HORNBACH Holding AG & Co. KGaA is HORNBACH Management AG, represented by its Board of Management, which currently comprises three members (status: May 2024). The Board of Management of the General Partner manages the business of HORNBACH Holding AG & Co. KGaA and represents the company to third parties. Pursuant to the Articles of Association, the authorization of the General Partner to manage the business also extends to exceptional management measures not requiring the approval of limited shareholders at the Annual General Meeting. The General Partner (HORNBACH Management AG) does not participate either in the profit or loss or in the assets of the KGaA. The General Partner is required to report regularly to the Supervisory Board of the KGaA.

All of the shares in HORNBACH Management AG are currently held by Hornbach Familien-Treuhand-gesellschaft mbH. Consistent with the provisions of the Articles of Association of the KGaA, the level of shareholding held by Hornbach Familien-Treuhandgesellschaft mbH in the share capital of HORNBACH Holding AG & Co. KGaA has to exceed 10%. Furthermore, Hornbach Familien-Treuhandgesellschaft mbH must hold at least 50% plus one share of the shares in HORNBACH Management AG.

2.2.2 Supervisory Board

The Supervisory Board of a KGaA is essentially constituted in the same way as that of a stock corporation (AG). The Supervisory Board of HORNBACH Holding AG & Co. KGaA is obliged to supervise the company's management. However, it is not entitled to appoint the Board of Management of the General Partner (HORNBACH Management AG). This is appointed by the Supervisory Board of HORNBACH Management AG. Furthermore, as a general rule the Supervisory Board of a KGaA may not issue any Rules of Procedure for the management or compile any list of transactions requiring its approval. The competencies of the Supervisory Board of HORNBACH Holding AG & Co. KGaA nevertheless include acknowledging and approving the annual budget and approving the annual financial statements. Like at a stock corporation, members of the Supervisory Board of the KGaA are elected by the Annual General Meeting.

2.2.3 Annual General Meeting

Limited shareholders exercise their rights, including their voting rights, at the Annual General Meeting. Each share in HORNBACH Holding AG & Co. KGaA grants one vote. HORNBACH Holding AG & Co. KGaA provides its shareholders with the services of a voting proxy bound to vote in line with instructions.

Legal requirements exclude the General Partner (HORNBACH Management AG), and for specific resolutions, its sole shareholder, Hornbach Familien-Treuhandgesellschaft mbH, from exercising voting rights. In particular, these include the election and dismissal of the Supervisory Board of HORNBACH Holding AG & Co. KGaA, which is therefore decided solely by the other limited shareholders. This means that Hornbach Familien-Treuhandgesellschaft mbH has no influence on the composition of the Supervisory Board of HORNBACH Holding AG & Co. KGaA. The voting prohibition also applies to the approval of the actions of the General Partner (HORNBACH Management AG) and members of the Supervisory Board, as well as to the election of the auditor. The voting rights prohibition thus accounts for any potential conflict of interests.

The requirements governing the preparation and execution of the Annual General Meeting are basically analogous to those at stock corporations. Pursuant to the Articles of Association, the Annual General Meeting of HORNBACH Holding AG & Co. KGaA is generally chaired by the Supervisory Board Chair.

Unlike at the annual general meeting of a stock corporation, subject to approval by the General Partner the Annual General Meeting of HORNBACH Holding AG & Co. KGaA also resolves on the adoption of the annual financial statements. The Annual General Meeting also decides on the appropriation of net profit.

Consistent with legal requirements, resolutions adopted by the Annual General Meeting require the approval of the General Partner unless this is prohibited from voting on the individual matter in hand. This approval requirement applies to all matters for which the limited partnership requires the approval both of its General Partner and of its limited shareholders. Resolutions adopted by the Annual General Meeting to amend the Articles of Association and other fundamental resolutions therefore basically require the approval of the General Partner. At the Annual General Meeting, the General Partner declares whether it approves the resolutions or intends to exercise its veto right. Such declarations are recorded in the minutes of the meeting.

Shareholders are regularly informed of all significant dates, such as the Annual General Meeting in particular, by means of the financial calendar published in the annual report, the half-year financial report, the quarterly statements, and on the company's homepage at www.hornbach-group.com.

3. Modus Operandi of Management and Supervisory Board

3.1 Supervisory Board

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The Supervisory Board of HORNBACH HOLDING AG & Co. KGaA comprises six members. The CVs of the Supervisory Board members have been published on the company's website.

The Supervisory Board Chair coordinates the activities of the Supervisory Board and represents the interests of the Supervisory Board externally. At its meetings, the Supervisory Board adopts resolutions with a simple majority of the votes cast unless otherwise required by law or the Articles of Association. In the event of a parity of votes in the Supervisory Board, the Supervisory Board Chair has the casting vote.

The General Partner (HORNBACH Management AG) and the Supervisory Board work together closely in the company's best interests. The Supervisory Board of HORNBACH Holding AG & Co. KGaA monitors the management of the company by the General Partner. To this end, the Board of Management of HORNBACH Management AG is required to report regularly, promptly, and extensively on its intended business policy and other fundamental matter of corporate planning (in particular on its financial and investment planning, including sustainability-related targets), as well as on the company's current sales and earnings performance. Its duties to provide information include reports on the company's profitability, planned transactions with a material influence on the company's asset, financial, and earnings position, reports on the company's risk management and risk situation, and compliance.

Members of the Supervisory Board are bound to observe the company's best interests and, in discharging their duties, must be aware of the role played by the company within society and of its social responsibility. They are not dependent on any assignments or instructions. In their decisions, they may not pursue personal interests or exploit business opportunities available to the company for their personal benefit. Supervisory Board members are obliged to immediately disclose any conflicts of interest to the Supervisory Board Chair, especially any such conflicts arising due to their performing any consultant or directorship function at the General Partner, customers, suppliers, lenders, or other business partners of the company. Any conflicts of interest on the part of a Supervisory Board member that are material and not only temporary result in the resignation of such member. Advisory and other service agreements and contracts for work between a Supervisory Board member and the company require approval by the Supervisory Board. The same applies to equivalent contracts with the General Partner to the extent that the company is obliged by its Articles of Association to reimburse any resultant expenses, as well as to corresponding contracts particularly with subsidiaries of HORNBACH Holding AG & Co. KGaA. In the 2023/24 year under report, one transaction requiring approval involved an increase in the budget for a contract already concluded in the previous financial year between HORNBACH Baumarkt AG (as a subsidiary of HORNBACH Holding AG & Co. KGaA) and Alinea & Company GmbH, a company in which the Supervisory Board member Martin Hornbach holds an indirect shareholding. This measure was approved, with Martin Hornbach abstaining in the respective vote. There were no other contracts requiring approval with Supervisory Board members of HORNBACH Holding AG & Co. KGaA in the 2023/24 year under report, neither did any other conflicts of interest arise.

The Supervisory Board of HORNBACH Holding AG & Co. KGaA has the following committees:

- Nomination Committee
- Audit Committee
- Special Committee

Directors and Officers
Supervisory Board
Committees

The composition of the committees is presented in the "Directors and Officers" chapter.

The Nomination Committee identifies suitable candidates for the Supervisory Board based on the objectives set by the Supervisory Board for its composition (including the skills and expertise profile and diversity concept) and prepares the proposals to be submitted by the Supervisory Board to the Annual General Meeting in respect of the election of Supervisory Board members. The Nomination Committee meets when required.

The Audit Committee particularly prepares the deliberations and resolutions to be adopted by the Supervisory Board for all issues of accounting and specifically for the annual and interim financial statements and non-financial reporting. It also addresses matters of risk management, compliance, and the internal audit, including the reports submitted by the managers responsible for these areas, as well as the necessary independence of the auditor, the awarding of the audit assignment to the auditor, the setting of audit focuses, fee arrangements, and the other tasks assigned to it pursuant to § 107 (3) Sentence 2 AktG. The Audit Committee monitors the auditor and regularly assesses the quality of its services. It takes suitable measures to establish and monitor the independence of the auditor and to supervise any additional services performed by the auditor. The Audit Committee prepares a recommendation for the proposal submitted by the Supervisory Board to the Annual General Meeting in respect of the election of the auditor. In preparing this recommendation, it obtains a declaration from the designated auditor in respect of any relationships between the auditor, its governing bodies, and audit managers on the one hand and the company and the members of its governing bodies on the other, as well as on any other services performed in the previous financial year. Furthermore, the Audit Committee advises the Supervisory Board and the General Partner in particular with regard to sustainability topics relevant to the company (ESG criteria). The Audit Committee holds regular meetings, and meets at least four times a year.

Unless otherwise determined by the Audit Committee Chair, meetings of the Audit Committee are also attended by the members of the Board of Management of the General Partner and the auditors.

The Special Committee is responsible for representation towards the General Partner and in particular also for reviewing and approving the invoices submitted by the General Partner in connection with its management of the company's business. The Special Committee holds regular meetings, and meets at least twice a year.

The committee chairs exchange information with the Supervisory Board Chair and the Board of Management of the General Partner, also outside the meeting framework, and where applicable with management staff at the HORNBACH Group (such as the Head of Internal Audit).

The Supervisory Board performs an efficiency review/self-assessment of its activities once a year. Based on a catalogue of questions prepared in advance, the Supervisory Board discusses the effectiveness of the work it and its committees perform in order to identify any potential improvements. In the year under report, this process was carried out at the December meeting.

3.1.1 Targets for the composition of the Supervisory Board, skills and expertise profile, diversity concept, and manner of implementation

Taking due account of the recommendations of the German Corporate Governance Code as presented in Recommendation C.1 in the version of the Code dated April 28, 2022, at its meeting on December 21, 2022 the Supervisory Board reformulated the targets for its composition, including a skills and expertise profile for the overall board. The corresponding Supervisory Board resolution also includes the diversity concept for the Supervisory Board. The declared aim is to continually develop the specific composition, and thus the expertise and experience, of the Supervisory Board and to achieve a good balance between continuity and renewal. Given the diverse composition thereby envisaged, the concept is intended to ensure that the Supervisory Board can optimally discharge its duties thanks to the resultant variety of viewpoints and perspectives considered.

Pursuant to the skills and expertise profile, the Supervisory Board of HORNBACH Holding AG & Co. KGaA must possess the expertise needed to fulfill its supervisory function and to assess and monitor the transactions performed by the company. To this end, the Supervisory Board members must collectively be familiar with the sector in which the company operates. This particularly includes knowledge, skills, and professional expertise, and that both from an economic and from an ecological and social perspective (sustainability aspect), in managing a retail, service, and real estate group with activities in the fields of (a) building, acquiring and/or operating large-scale retail stores, especially DIY stores and home improvement centers, with or without garden centers, specialist stores, other specialist retail businesses, and e-commerce; (b) similar or other areas of the retail and wholesale sector; (c) manufacturing and processing products sold in the retail business; (d) managing assets and acquiring, managing, and disposing of participating interests in domestic and foreign subsidiaries; (e) performing management and other services for subsidiaries and participating interests; and (f) acquiring, developing, planning, building, using, administering, disposing of and/or otherwise using land, whether built on or not, and leasehold rights. This also includes expertise in the fields of digitalization and technology, accounting, internal control and risk management systems, sustainability reporting, and auditing (including auditing sustainability reporting), financing, tax, law, and compliance. At least one member must have special knowledge and experience in the application of accounting principles and internal control and risk management systems, including sustainability reporting and its audit (accounting expertise), while at least one other member must have expertise in the field of auditing, including sustainability reporting and its audit (auditing expertise). The Audit Committee Chair should have appropriate expertise in at least one of these two areas, while another member of the Audit Committee should have expertise in the other area. Overall, the Supervisory Board views the diversity of its members in terms of their age, gender, qualifications and professional experience, as well as of their other personal characteristics, as a key prerequisite for its work.

In view of these factors, and to compile its skills and expertise profile, the Supervisory Board listed the following specific objectives for its composition which are tailored to the company's situation:

- Supervisory Board members must be reliable, possess the expertise needed to fulfill their supervisory function and to assess and monitor the transactions performed by HORNBACH Holding AG & Co. KGaA, and must have sufficient time to dedicate to their duties as members of the Supervisory Board. They should have a range of different qualifications and professional experience.
- The Supervisory Board must collectively have the knowledge, skills, and professional expertise both from an economic and from an ecological and social perspective that are required to properly perform its duties. In particular, relevant expertise in matters relating to the operation of a retail company, especially

DIY stores and home improvement centers, with or without garden centers, asset and investment management, and real estate management must be available in the Supervisory Board, as must management experience, experience in managing and organizing companies, and experience in working in supervisory boards. The knowledge, skills, and professional expertise available among Supervisory Board members must also cover sustainability topics relevant to the company in terms of environmental, social and governance (ESG) aspects.
- The Supervisory Board must avoid potential conflicts of interest, and will continue to do so in future.
- The Supervisory Board should not include any members who hold directorships or perform advisory functions at any significant competitors or who have personal relationships to such.
- The composition of the Supervisory Board accounts for the diversity criterion, in particular with regard to the age, gender, qualifications and professional backgrounds of its members. The target for the share of women in the Supervisory Board as of February 28, 2027 amounts to 50%.
- As a general rule, the Supervisory Board should only include individuals who were no older than 70 at the time of their election. In addition, it should be ensured that there is adequate mix of generations among Supervisory Board members.
- As a general rule, the Supervisory Board should only include individuals who have not been members of the Supervisory Board for four full terms already at the time of their election.
- The Supervisory Board should include a suitable number of independent members. More than half of the Supervisory Board members should be independent of the company and the General Partner.
- Supervisory Board members who have sat on the Supervisory Board for more than twelve years are, as a general rule, no longer deemed independent.

Supervisory Board proposals to the Annual General Meeting should and will take due account of these objectives and the diversity concept, while at the same time endeavoring to ensure that the skills and expertise profile for the Board as a whole is satisfied.

3.1.2 Implementation status for (i) the objectives for the composition of the Supervisory Board, (ii) the diversity concept, and (iii) the skills and expertise profile, as well as disclosures on the independence of Supervisory Board members

The current composition of the Supervisory Board meets the aforementioned composition-related objectives, complies with the diversity concept, and satisfies the skills and expertise profile. The members of the Supervisory Board complement one another in terms of their age, qualifications and professional background, experience, and expertise in such a way that the board as a whole can draw on a great variety of experience and a broad range of skills. The Supervisory Board included four women as of February 29, 2024 and currently includes four women (status: May 2024), as a result of which the target of 50% set for February 28, 2027 is currently met and even exceeded (cf. “Share of Women in Senior Management Positions” in Section 3.3). No members of the Supervisory Board of HORNBACH Holding AG & Co. KGaA hold any directorships or perform advisory functions at significant competitors. The regular age limit is laid down in the Rules of Procedure of the Supervisory Board and complied with. The Rules of Procedure of the Supervisory Board are published on the company's website.

The Supervisory Board currently includes five independent members. These are Dr. John Feldmann, Simone Krah, Simona Scarpaleggia, Vanessa Stützle, and Melanie Thomann-Bopp.

3.1.3 Current allocation of skills and expertise in Supervisory Board of HORNBACH Holding AG & Co. KGaA[1)]

	Dr. John Feldmann	Martin Hornbach	Simone Krah	Simona Scarpaleggia	Vanessa Stützle	Melanie Thomann-Bopp
Company management	O	x		x	x	x
Retail		x	x	x	O	x
Marketing, services			O	x	x	
Technology / digitalization		O	X	x	x	
Accounting, auditing	x				x	O
Capital market, financing	x					O
Corporate governance, compliance, risk management	O			x	x	x
Personnel management, communications		x	X	O		
Investment management	O	x				x
Real estate management		O				x
Sustainability issues	x		X	x	x	O
Logistics		O		x	x	x

1) The members marked with “O” are the persons mainly responsible for the respective competence/expertise.

Based on her longstanding activity as CFO / commercial director of various retail companies, her longstanding activity as a member of the advisory boards of retail companies, and longstanding membership of the Supervisory Boards of the HORNBACH Group, including as Chair of the Supervisory Board Audit Committee at HORNBACH Holding AG & Co. KGaA since July 6, 2018, Melanie Thomann-Bopp has extensive expertise in the fields of accounting and auditing, including sustainability reporting and its audit, and in-depth ESG expertise. Her expertise in these areas particularly includes, in the field of accounting, special knowledge and experience in the application of international and national accounting principles and internal control and risk management systems and, in the field of auditing, special knowledge and experience in the auditing of financial statements. Melanie Thomann-Bopp regularly receives training on the aforementioned topics from internal and external providers. One particular focus of her recent training was on national and international legislation applicable to sustainability reporting. Melanie Thomann-Bopp acts as the ESG Officer.

Given his longstanding activity as an executive board member of a listed industrial company with international operations and his longstanding activity as a member of the supervisory boards of both listed and non-listed industrial and retail companies, including his longstanding membership of the Supervisory Board Audit Committee at HORNBACH Holding AG & Co. KGaA, Dr. John Feldmann, a further member of the Audit Committee, has expertise in the fields of accounting and auditing, including sustainability reporting and its audit. His expertise in these areas particularly includes, in the field of accounting, special knowledge and experience in the application of accounting principles and internal control and risk management systems and, in the field of auditing, special knowledge and experience in the auditing of financial statements. Dr. John Feldmann regularly receives training on the aforementioned topics from internal and external providers. One particular focus of his recent training was on national and international legislation applicable to sustainability reporting.

3.1.4 Individualized disclosure of meeting attendance

Meeting attendance is disclosed on an individualized basis in the "Report of the Supervisory Board".

3.2 Composition and modus operandi of the Board of Management of the General Partner

The Board of Management of the General Partner, HORNBACH Management AG, comprised three members at the end of the 2023/24 financial year and currently comprises three members (status: May 2024). Members of the Board of Management are bound to uphold the company's best interests. Compliance activities to ensure that the company adheres to laws, legal requirements, and its own internal guidelines represent a key management task. The Supervisory Board of HORNBACH Management AG has imposed Rules of Procedure for the Board of Management of the General Partner which govern its management of HORNBACH Holding AG & Co. KGaA. The composition and areas of responsibility of the Board of Management are presented in the "Directors and Officers" chapter in this report.

Directors and Officers
Members of the Board of Management and their areas of responsibility

In discharging its duties, the Board of Management is required to work together with the other boards at the General Partner and the company on a basis of trust. The members of the Board of Management bear joint responsibility for the overall management of the company. They work together as colleagues and inform each other about all key measures and developments in their areas of responsibility. As a general rule, the Board of Management meets at least twice a month and on an ad-hoc basis when required in the interests of the company and/or the General Partner.

The Board of Management provides the Supervisory Board of HORNBACH Holding AG & Co. KGaA with regular, prompt and extensive information on all matters relevant to the company's and Group's corporate strategy, planning, business performance, financial and earnings position, risk situation and risk management. Furthermore, it presents the Group investment, financial and earnings budgets to the Supervisory Board both for the forthcoming financial year and for the medium term (five years). The Chief Executive Officer provides immediate report to the Supervisory Board Chair of any significant events of material relevance for assessing the situation, development and management of the company. Measures requiring Supervisory Board approval are submitted in good time.

In their decisions, members of the Board of Management may not pursue personal interests or exploit business opportunities available to the company and/or the General Partner for their personal benefit. Members of the Board of Management are obliged to disclose conflicts of interest to the Supervisory Board of the General Partner without delay and to inform other members of the Board of Management. Members of the Board of Management may only pursue sideline activities, in particular supervisory board mandates outside the Group, with the approval of the Supervisory Board of the General Partner. The CVs of the members of the Board of Management have been published on our website.

www.hornbach-group.com
Company >
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Board of Management

3.3 Share of women in senior management positions

HORNBACH Holding AG & Co. KGaA is obliged under the "Act on the Equal Participation of Men and Women in Private-Sector and Public-Sector Management Positions" to set targets for the share of women in its Supervisory Board and the two management levels below the Board of Management (of the General Partner). The company set its first targets in this respect in summer 2015, which were to be met by June 30, 2017. In the meantime, the company reviewed these targets, initially extended them through to February 28, 2022, and has now set targets to be reached by February 28, 2027. Specifically:

3.3.1 Women in the Supervisory Board and Board of Management

At its meeting on February 18, 2022, the Supervisory Board set the target share of women in the Supervisory Board pursuant to § 111 (5) AktG. This target, which is effective as of March 1, 2022 and should be reached by February 28, 2027, amounts to 50%. The target previously amounted to no less than 1/6. The

Supervisory Board included four women as of February 29, 2024 and currently includes four women (status: May 2024). Women therefore account for 66.67% of the members and the target for February 28, 2027 has currently been met and exceeded.

As the Supervisory Board of HORNBACH Holding AG & Co. KGaA is not responsible for personnel-related topics for the Board of Management at the General Partner, HORNBACH Management AG, it has not set any targets for the share of women in that body. The Board of Management of the General Partner comprised one woman and two men as of February 29, 2024 and currently has the same composition (status: May 2024).

3.3.2 Women in the management levels below the Board of Management

In January 2022, the Board of Management set a target for the share of women in the management level below the Board of Management. This target, which is effective as of March 1, 2022 and should be reached by February 28, 2027, amounts to 50%. There was no other management level at the time. The company has since introduced a further, second management level. For this level, the Board of Management has set a target of 50% for the share of women to be reached by February 28, 2027. The first management level below the Board of Management comprised three managers, of which two women and one man, as of February 29, 2024. This is currently still the case (status: May 2024). The second management level below the Board of Management comprised one manager, in this case a man, as of February 29, 2024. This too is currently still the case (status: May 2024).

4. Reporting and Auditing of Financial Statements

The HORNBACH Holding AG & Co. KGaA Group prepares its financial reports in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The separate financial statements of HORNBACH Holding AG & Co. KGaA are prepared in accordance with the German Commercial Code (HGB). In line with legal requirements, the auditor is elected by the Annual General Meeting. The Audit Committee prepares the Supervisory Board's proposal to the Annual General Meeting with regard to the auditor to be elected. The auditor is independent and is responsible for the audit of the consolidated and separate financial statements, as well as for the audit review of the Group's half-year financial report.

HORNBACH Holding AG & Co. KGaA has a risk management system that is continually enhanced and updated to account for changes in conditions. The functionality of the early warning risk management system is checked by the auditors.

5. Transparency

The company's shareholders, all capital market participants, financial analysts, investors, shareholder associations, and the media are regularly provided with up-to-date information about the company's situation, results, and any material changes in its business situation. The HORNBACH Holding AG & Co. KGaA Group reports on its situation in its

- Quarterly statements, half-year financial report, and annual report
- Annual results press conference and analysts' conference
- Conference calls on quarterly results
- Annual General Meeting
- Conference calls and video conferences with financial analysts and investors
- Events, such as conferences and road shows, with financial analysts and investors from Germany and abroad.

Numerous capital market events were offered on an in-person basis once again in the 2023/24 financial year. The 2023 Annual General Meeting was held on an in-person basis for the first time after the coronavirus pandemic.

The documents and dates of relevance to the company's regular financial reporting activities are published on our homepage.

www.hornbach-group.com
Investor Relations

Alongside this regular reporting, any information arising at HORNBACH Holding AG & Co. KGaA which is not publicly known and which is likely to influence the company's share price significantly is published in the form of ad-hoc announcements as insider information pursuant to Article 17 of the Market Abuse Regulation (MAR). All individuals working on behalf of the company and with access to insider information in the course of their activities are informed of the resultant obligations for them under insider law.

Members of the Board of Management of the General Partner and the Supervisory Board of HORNBACH Holding AG & Co. KGaA, and individuals closely related to such, are required by Article 19 of the Market Abuse Regulation (MAR) to disclose transactions involving shares in the company or related financial instruments. The transactions executed and reported by directors or individuals closely related to such in the year under report can be viewed in the "News" section of the company's website.

www.hornbach-group.com
Investor Relations >
News

6. Relevant Corporate Governance Practices

We base our entrepreneurial activities on the legal frameworks valid in the various countries in which we operate. This places a wide variety of obligations on the overall HORNBACH Group and its employees in Germany and abroad. As well as managing the company responsibly in accordance with the relevant laws, ordinances and other guidelines, we have also compiled internal Group guidelines setting out the system of values and management principles we adhere to at the Group, e.g. with regard to sustainability / CSR Policy and the Policy Statement on Human Rights, which is explained in detail under 5.3. We have also published the information referred to below on our website.

www.hornbach-group.com
Company >
Corporate Governance

6.1 Our system of values: the HORNBACH Foundation

HORNBACH is a forward-looking, family-managed company and is characterized by a clear system of values. The values on which this system is based are honesty, credibility, reliability, clarity, and trust in people. This system of values, which had already been actively lived for many decades, was summarized in the so-called "HORNBACH Foundation" in 2004. This model forms the cornerstone for our Group strategy, everyday behavior, and corporate social responsibility. It lays down the basic values governing how we behave towards our customers, as well how our employees behave towards each other. Moreover, this foundation helps our shareholders, customers, and the general public, as well as our employees, to understand the basis of our business success. Extensive information about the HORNBACH Foundation is available on the website.

www.hornbach-group.com
Company >
Corporate Governance >
HORNBACH Values

6.2 Compliance

In a competitive climate, only those companies which manage to convince their customers with their innovation, quality, reliability, dependability, and fairness on an ongoing basis will succeed in the long term. Here, compliance with legal requirements, internal company guidelines and ethical principles (compliance) is absolutely crucial. HORNBACH's corporate culture is built on these principles.

HORNBACH has a value-based compliance system which primarily pursues the objective of preventing compliance infringements, if possible before they arise. The "HORNBACH Foundation" forms the basis for HORNBACH's system of values. The principles included in the "HORNBACH Foundation" are fleshed out in the

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"HORNBACH Values", which have been translated into all relevant languages across the Group and are available to all employees. These formulate the standards of conduct expected of managers and employees with regard to the stakeholder groups of government and society, managers and employees, customers, suppliers and competitors, and providers of equity and debt capital. Among other factors, they set out how we meet our responsibility towards society, treat each other with respect, are committed to fair competition, and act with integrity.

In connection with the safeguards governing integrity, HORNBACH's "Accepting and Granting Gratuities" code of conduct specifies HORNBACH's expectations in its employees with regard to accepting and granting gratuities in day-to-day business operations. This code sets clear limits in respect of impermissible gratuities and, as well as underlining role model function of managers, emphasizes the principles of professionalism, transparency, and appropriateness.

The Board of Management of the General Partner bears overall responsibility for compliance. One core component of HORNBACH's compliance system is the Compliance Committee, which acts as the topmost advisory body for compliance organization. The compliance department led by the Head of Compliance is responsible for coordinating and optimizing Group-wide compliance activities. This department reports to the Chief Compliance Officer. He or she reports in turn to the Board of Management and is responsible for permanently optimizing and further developing the Group's compliance organization and structures. The compliance department is supported by compliance officers operating on a decentralized basis in all of HORNBACH's regions and departments.

Compliance activities have a particular focus on the risks of "improper conduct/corruption" and "cartel law violations". Compliance officers are surveyed at regular intervals to assess the development in risks which are already known and the potential emergence of new risks.

The compliance system is supplemented by an internet-based whistleblower system. This provides employees, service providers, and suppliers worldwide with a further possibility of communicating directly, confidentially and, if preferred, anonymously with the compliance department. This way, potential infringements of compliance requirements, and in particular infringements relating to antitrust law and corruption, as well as offenses against property and assets, can be reported. Notifications received from employees that relate to personal or personnel matters and are outside the objective scope of the whistleblower system are forwarded to the relevant HR department for further processing or are dealt with together with such department. In the year under report, there was a low double-digit number of notifications, of which one quarter was not directly within the objective scope of the whistleblower system.

5.3. Corporate social responsibility: CSR Policy, CSR Standards, and Policy Statement on Human Rights

Responsible activity is the precondition for HORNBACH's long-term success. How our company impacts on society in economic, social, and ecological terms is crucial to our Group's future operating capacity. In addition to the HORNBACH Values, the following requirements are therefore applied throughout the Group: HORNBACH's Corporate Social Responsibility (CSR) Policy, CSR Standards, and Policy Statement on Corporate Due Diligence Obligations and Human Rights. These documents have been published in the "Responsibility" section of HORNBACH Holding's website.

www.hornbach-group.com
Responsibility

Moreover, HORNBACH expects its direct business partners to communicate these requirements in the value chain and safeguard compliance with such. To underline this expectation, HORNBACH has made information materials on due diligence obligations in supply chains available to all business partners.

7. Remuneration Report

The Remuneration Report presents the remuneration system as well as basic features and structure of remuneration of the Board of Management of the General Partner and the Supervisory Board. It also includes the independent auditor's report on the audit of the remuneration report in accordance with Section 162 (3) AktG. The remuneration report is available on the company's website at www.hornbach-holding.de/en/investor-relations/reports-presentations. The most recent resolution on the remuneration of members of the Supervisory Board pursuant to § 113 (3) of the German Stock Corporation Act (AktG), which was adopted by the Annual General Meeting on July 10, 2020, has been made available at www.hornbach-holding.de/en/investor-relations/annual-general-meeting.

8. Directors and Officers

Supervisory Board of HORNBACH Holding AG & Co. KGaA

Dr. John Feldmann (Chair)
Former Executive Board member of BASF SE

Martin Hornbach (Deputy Chair)
Managing Partner of Corivus Gruppe GmbH

Simone Krah
(Managing) President of MMM-Club e.V.

Simona Scarpaleggia
Independent Management Consultant
(Simona Scarpaleggia Consulting)

Vanessa Stützle
Chief Executive Officer of LUQOM Group

Melanie Thomann-Bopp
Executive Board member at apetito AG
responsible for Finance / Controlling / IT

Supervisory Board Committees of HORNBACH Holding AG & Co. KGaA

Audit Committee
Melanie Thomann-Bopp (Chair)
Dr. John Feldmann
Martin Hornbach
Simone Krah

Nomination Committee
Dr. John Feldmann (Chair)
Simone Krah
Melanie Thomann-Bopp

Special Committee
Melanie Thomann-Bopp (Chair)
Dr. John Feldmann
Simone Krah

Supervisory Board of HORNBACH Management AG

(General Partner of HORNBACH Holding AG & Co. KGaA)

Dr. John Feldmann (Chair)
Former Executive Board member of BASF SE

Melanie Thomann-Bopp (Deputy Chair)
Executive Board member at apetito AG
responsible for Finance / Controlling / IT

Albert Hornbach
Management of Tesoro Data-Analysis GmbH

Arnulf Hornbach
Managing Partner of Flowprime GmbH

Johann Hornbach
IT Project Director at Allianz Technology SE

Simone Krah
(Managing) President of MMM-Club e.V.

Maria Olivier
Director of Bush Barn Farm

Vanessa Stützle
Chief Executive Officer of LUQOM Group

Dr. Susanne Wulfsberg
Veterinary Surgeon

Board of Management of HORNBACH Management AG

(General Partner of HORNBACH Holding AG & Co. KGaA)

Members and areas of responsibility

Albrecht Hornbach (Chair)
responsible for Builders' Merchants (HORNBACH Baustoff Union GmbH), Real Estate (HORNBACH Immobilien AG)

Karin Dohm (CFO)
responsible for Finance, Accounting, Tax, Group Controlling, Risk Management, Internal Audit, Legal, Compliance, Investor Relations

Erich Harsch (Member)
responsible for DIY Stores and Garden Centers (HORNBACH Baumarkt AG), Public Relations

The HORNBACH Holding Share

Key figures for the HORNBACH Holding share		2023/24	2022/23	2021/22	2020/21	2019/20
Year-end price[1)]	€	68.95	78.60	117.60	78.20	50.90
12-month high[1)]	€	79.00	125.30	138.80	99.70	65.30
12-month low[1)]	€	55.55	61.85	77.30	33.65	44.00
Shares issued	Number	15,990,807	15,993,125	16,000,000	16,000,000	16,000,000
Market capitalization	€ 000s	1,102,566	1,257,060	1,881,600	1,251,200	814,400
Earnings per share	€	7.83	9.83	12.48	10.33	6.56
Price / earnings ratio[2)]		8.8	8.0	9.4	7.6	7.8
Book value per share	€	115.57	111.01	101.89	92.30	83.67
Price-to-book ratio[3)]		0.6	0.7	1.2	0.8	0.6
Cash flow from operating activities per share	€	28.48	26.62	21.56	21.66	20.28
Price / cash flow ratio[4)]		2.4	3.0	5.5	3.6	2.5
Dividend per share[5)]	€	2.40	2.40	2.40	2.00	1.50
Distribution total[5)]	€ 000s	38,378	38,384	38,400	32,000	24,000
Payout ratio[5),6)]	%	30.7	24.4	19.2	19.4	22.9
Dividend yield[7)]	%	3.5	3.1	2.0	2.6	2.9
Performance including dividend	%	(9.2)	(31.1)	52.9	56.6	13.7
Performance excluding dividend	%	(12.3)	(33.2)	50.4	53.6	10.4
Average daily trading volume[1)]	Number	12,191	18,194	31,636	39,737	19,539

1) Closing price in XETRA trading on 2.28/29
2) Year-end price ÷ earnings per share
3) Year-end price ÷ book value per share
4) Year-end price ÷ cash flow from operating activities per share
5) 2023/24: proposal to 2024 Annual General Meeting
6) Dividend per share ÷ earnings per share
7) Dividend per share ÷ year-end price

2023/24 on the Stock Markets

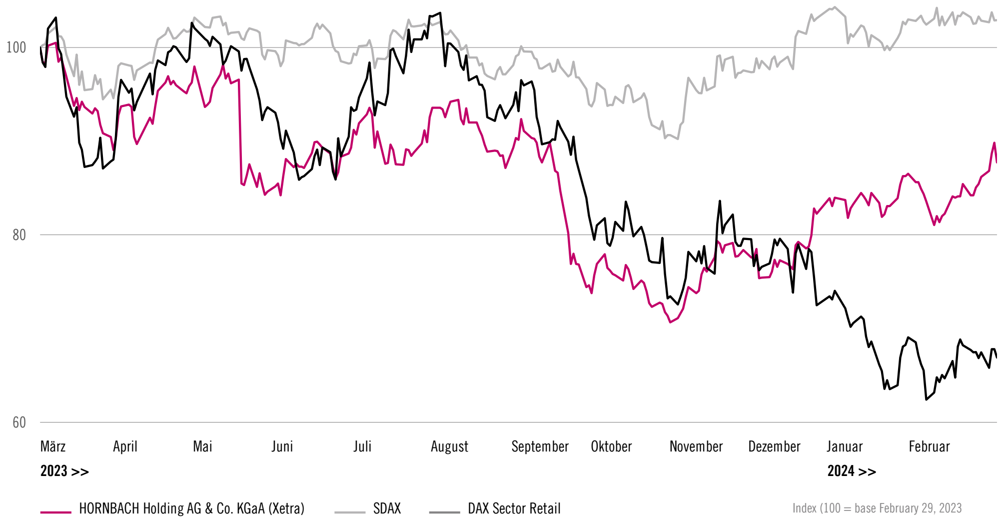
Inflation, subdued consumer spending, and AI boom

Developments on international stock markets in the period covered by the financial year from March 1, 2023 to February 29, 2024 were shaped by high rates of inflation, albeit declining as the year progressed, as well as by low and in some cases decreasing economic momentum in many major economies. This significantly impacted on willingness to spend and invest among consumers and companies alike. Consumer goods and retail companies in particular witnessed substantial reductions in their share prices. Through to July 2023, the US Federal Reserve raised its base rate by a total of one percentage point to the target corridor of 5.25% to 5.50%. In the euro area, the base rate rose by two percentage points to 4.75%, with the rate being raised for the last time in September 2023. Given significantly lower inflation rates since the end of 2023, it can be assumed that the rising interest rate cycle has now peaked. The interest rate cuts expected from the FED and the ECB by the second half of the 2024 calendar year at the latest have been anticipated on international stock markets since October 2023 already. This led to a marked upward trend, particularly in sectors sensitive to interest rates. Moreover, the rapid dissemination of applications using artificial intelligence (AI), driven in particular by the release of “Chat-GPT”, created high demand for US tech stocks.

HORNBACH Holding share price performance

Including the dividend distribution, HORNBACH Holding’s share price posted a performance of minus 9.2% in the 2023/24 financial year (March 1, 2023 to February 29, 2024). It thus performed significantly better than the DAXsector Retail Index (-33.1%), but underperformed the SDAX comparative index (+2.9%). Excluding the dividend of € 2.40 per share distributed for the 2022/23 financial year, the share price decreased by 12.3%.

Share price performance: March 1, 2023 to February 29, 2024



At the beginning of the 2023/24 financial year, HORNBACH Holding's share price initially moved in parallel with the SDAX and reached its 12-month high at € 79.00 on March 6, 2023. Due to macroeconomic developments, a rainy spring season, and persistently weak consumer confidence, HORNBACH HOLDING's share – like shares across the whole of the German retail sector – witnessed several setbacks in its price. Given the further significant deterioration in the macroeconomic climate, on September 15, 2023 HORNBACH amended its guidance for the then remaining 2023/24 financial year. The share price reached its 12-month low at € 55.55 on October 29, 2023. Towards the end of the financial year, the share then developed positively once more and left the DAXsector Retail Index significantly behind. Overall, the share price rose by around 24% between its low in October and the end of the financial year. The HORNBACH HOLDING share closed at € 68.95 in XETRA trading on the balance sheet date on February 29, 2024 (2022/23: € 78.60). The market capitalization of HORNBACH Holding AG & Co. KGaA therefore stood at € 1,103 million at the end of the financial year (2022/23: € 1,258 million).

Shareholder structure

Hornbach Familien-Treuhandgesellschaft mbH, the main shareholder in HORNBACH Holding AG & Co. KGaA, continued to hold 37.5% of the share capital of the KGaA as of February 29, 2024. The other 62.5% of the shares are held in particular by international institutional investors. Based on the voting right notifications we received and published, the following shareholders held more than five percent of voting rights at the end of the financial year: Finda Oy (Finland) with 12.64% (published on May 8, 2023) and M&G plc (United Kingdom) with 6.77% (published on April 6, 2021).

Analysts' assessments

As of the balance sheet date on February 29, 2024, HORNBACH Holding's share was regularly covered by six (2022/23: five) financial analysts in research reports. One new financial analyst, Dr. Kalliwoda Research, started covering HORNBACH Holding's share during the 2023/24 financial year. As of the reporting date on

February 29, 2024, three of the six analysts recommended buying the HORNBACH Holding share, while three financial analysts issued hold recommendations. The average share price target amounted to € 79, implying positive potential of around 15% compared with the closing price at the end of our 2023/24 financial year. A list of those banks and research institutes regularly reporting on HORNBACH and their most recent recommendations for the share can be viewed under "Share" in the Investor Relations section of the HORNBACH Group's website.

Dividend policy

HORNBACH pursues a continuity-based dividend policy which aims to maintain a fair balance between shareholders' interests on the one hand and financing the company's growth on the other. As a general rule, the dividend should at least equal the previous year's level. In the long term, the company aims to achieve a distribution quota of around 30%. For the past 2023/24 financial year, the Board of Management and Supervisory Board of HORNBACH Holding AG & Co. KGaA are proposing a dividend of € 2.40 per share with dividend entitlement for approval by the Annual General meeting on July 5, 2024. Subject to such approval, the distribution would total € 38,378k, corresponding to a distribution quota of 30.7% and a dividend yield of 3.5% based on the closing price at the end of the 2023/24 financial year.

Financial communications

Our investor relations activities provided shareholders, analysts, the financial media, and the general public with prompt information on the business performance of the HORNBACH Holding AG & Co. KGaA Group in the past financial year. All quarterly and annual reports, press releases, and additional financial information were published on the website of the HORNBACH Group. We remain actively in dialog with the capital market at our Annual General Meeting, the annual results and analysts' conference, in calls with investors and analysts, at road shows, and at investor conferences. As in the previous year, the Board of Management and the Investor Relations team took part in a total of around 20 conference and road show days in the 2023/24 financial year. Alongside Germany, the UK, France, and the US, new countries were also added, with a road show in Toronto and a conference in Warsaw. They also held numerous one-to-one meetings both in person and in virtual format. As well as exchanging information with existing investors, it was also possible to establish new contacts with potential investors. HORNBACH employees are kept informed of the company's current business performance by members of the Board of Management in a variety of information and meeting formats. A dialog between the Supervisory Board Chair and institutional investors on governance topics was also established for the first time in the 2023/24 financial year. Meetings were offered in this respect both in connection with the Annual General Meeting and during the year at a governance road show in Frankfurt. Furthermore, the Supervisory Board Chair is also available to an appropriate extent during the year to respond to inquiries for talks on topics relating to the Supervisory Board.

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Investor Relations

2023 Annual General Meeting

The 2023 Annual General Meeting of HORNBACH Holding AG & Co. KGaA was held in the presence of shareholders at Jugendstil-Festhalle in Landau (Palatinate) on July 7, 2023. All resolutions proposed were accepted by shareholders. These also included the distribution of a dividend of € 2.40 per share. The dividend payment thus corresponded to a distribution quota of 24.4% based on earnings per share of € 9.83 for the 2022/23 financial year.

Key data about the HORNBACH Holding share	
Type of share	No-par ordinary bearer shares
Stock exchanges	Frankfurt, Xetra
Market segment	Prime Standard
Security identification number	608340
ISIN	DE0006083405
Stock market ticker	HBH
Bloomberg (Xetra)	HBH:GR
Reuters (Xetra)	HBH.DE
Financial year	March 1 to February 28 (29)
Initial public offering	07.03.1987 (preference share of HORNBACH AG)
Number of shares	16,000,000
Share capital	€ 48,000,000

Financial Calendar 2024

May 22, 2024	Publication of Annual Report as of February 29, 2024 Annual Results Press Conference / Analysts' Conference for 2023/24 Financial Year
June 25, 2024	Quarterly Statement: 1st Quarter of 2024/25 as of May 31, 2024
July 5, 2024	Annual General Meeting, Landau (Palatinate)
September 25, 2024	Half-Year Financial Report 2024/25 as of August 31, 2024
December 20, 2024	Quarterly Statement: 3rd Quarter of 2024/25 as of November 30, 2024

Investor Relations

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Non-financial Group Report

1. Fundamentals of Non-Financial Group Report

About this report

HORNBACH Holding AG & Co. KGaA is obliged pursuant to § 315b (1) - (3) of the German Commercial Code (HGB) to prepare a non-financial Group declaration. This report has been prepared in accordance with § 315b-c in conjunction with § 289b-e HGB and with Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the Establishment of a Framework to Facilitate Sustainable Investment and Amending Regulation (EU) 2019/2088 and the delegated acts issued in this respect. The contents of the report are exclusively based on the definition of materiality and the content requirements stipulated in § 315b (1) - (3) HGB. For this reason, no reference has been made to any framework. The explanation of the materiality analysis of the HORNBACH Group has been presented in detail in Chapter 1.2. of this report.

In a separate assignment, Deloitte GmbH Wirtschaftsprüfungsgesellschaft performed a limited assurance review on the contents of this non-financial Group report pursuant to ISAE 3000 (Revised). The non-financial disclosures marked with the [√] symbol, namely “Customer satisfaction”, “Labeling sustainable articles”, “Diversity”, “Customer satisfaction”, and “Reduction in Scope 1 and 2 CO_2 emissions”, which form part of the multiyear variable remuneration (MVR) of the Boards of Management of HORNBACH Management AG and HORNBACH Baumarkt AG, have been subject to a reasonable assurance review.

References to disclosures outside the combined management report constitute additional information and do not form part of the non-financial Group report. They have therefore not been audited.

1.1 Group structure and business model

The structure and business model of the HORNBACH Group (hereinafter also “HORNBACH”) are presented below.

HORNBACH Holding AG & Co. KGaA is the parent company of the HORNBACH Group. It does not have any operations itself, but has a number of major subsidiaries. In addition to HORNBACH Baumarkt AG, the largest operating Subgroup at which the do-it-yourself (DIY) retail activities across Europe are pooled, the HORNBACH Group also comprises the HORNBACH Baustoff Union GmbH Subgroup (regional builders’ merchants) and the HORNBACH Immobilien AG Subgroup (real estate and location development). At the balance sheet date on February 29, 2024, the Group had a total of 24,783 employees. In the 2023/24 financial year (March 1, 2023 to February 29, 2024), the HORNBACH Group generated net sales of around € 6.2 billion. The HORNBACH Group was founded in 1877 and is family managed, now in the fifth generation. It has the legal form of a partnership limited by shares (KGaA) and is listed in the Regulated Market of the Frankfurt Stock Exchange and a member of the SDAX index.

In accordance with the Articles of Association, the General Partner of HORNBACH Holding AG & Co. KGaA is HORNBACH Management AG, represented by its Board of Management, which currently comprises three members. The Board of Management of the General Partner manages the business of HORNBACH Holding AG & Co. KGaA and represents the company to third parties. Hornbach Familien-Treuhandgesellschaft mbH holds all shares in the General Partner of HORNBACH Holding AG & Co. KGaA.

Our business activities focus on do-it-yourself (DIY) retail with DIY stores and garden centers, as well as on online DIY retail in Germany and eight other European countries. These retail activities, which mainly focus on the needs of private end customers (business-to-consumer: B2C), are managed at HORNBACH Baumarkt AG, which is by far the largest operating Subgroup. With its "ProfiService" and product range, HORNBACH also targets tradespeople and other commercial customers (business-to-business: B2B). The DIY product range, which comprises around 50,000 articles stocked at the stationary stores and up to around 286,000 articles available online, is structured in five product divisions: (1) hardware / electrical, (2) paint / wallpaper / flooring, (3) construction materials / timber / prefabricated components, (4) sanitary / tiles, and (5) garden. Furthermore, in October 2023 HORNBACH launched a curated online marketplace via which third-party providers are able to offer supplementary DIY product ranges.

HORNBACH is active in the regional stationary builders' merchant business via the HORNBACH Baustoff Union GmbH Subgroup, which chiefly focuses on specialist retail with commercial customers in the main and secondary construction trades (business-to-business: B2B). The range of products and services in the B2B segment at HORNBACH Baustoff Union comprises around 170,000 articles in ten product divisions: civil engineering, building construction, roof / façade, fittings, garden, construction elements, sanitary and tiles, specialist products, fuels, and transport/other.

The principal task performed by the HORNBACH Immobilien AG Subgroup is to support the DIY retail business by developing stationary retail properties for Group-internal use.

The internationalization of procurement provides us with broad-based access to global procurement markets and enables us to forge strategic, long-term partnerships with suppliers and industry. These partnerships benefit both sides. We offer each supplier and manufacturer the opportunity to structure the store deliveries as efficiently as possible. Suppliers are able to make large-scale logistical deliveries directly to each location, or to supply the merchandise indirectly via our logistics centers. This way, we provide regional manufacturers as well with the opportunity of growing outside their existing sales regions and supplying goods to additional countries.

With net sales of € 5.8 billion in the 2023/24 financial year, the HORNBACH Baumarkt AG Subgroup contributed 94% of consolidated sales and employed around 95% of the HORNBACH Group's workforce at the balance sheet date. The HORNBACH Baustoff Union GmbH Subgroup accounts for € 381 million, and thus around 6% of sales, as well as for around 5% of the Group's employees. HORNBACH Immobilien AG does not have any operating customer business or proprietary employees.

1.2 Materiality analysis

HORNBACH updated its materiality analysis pursuant to the German Commercial Code (HGB) in the 2023/24 financial year. Pursuant to § 289c (3) HGB, non-financial topics count as material when they have both significant implications for the aspects stated in § 289c (2) HGB (environment, employees, human rights, social welfare, and anti-corruption) and are also relevant to the Group's business activities (business performance, business results, and situation).

Current developments were accounted for by updating the context analysis performed in the previous year. In the context of the annual materiality workshop, the managers responsible for the respective topics at the Group, including representatives of HORNBACH Holding AG & Co. KGaA, HORNBACH Baumarkt AG, HORNBACH Immobilien AG, and HORNBACH Baustoff Union GmbH, reviewed whether their assessment of non-financial topics within the Group's own business activities or supply chain and at customers which impact on the aspects defined in § 289c (2) HGB had changed to any significant extent compared with their assessment in the previous year. To this end, in an updated materiality matrix the non-financial topics were evaluated in terms of their relevance for our business activities and their implications for the aspects defined in § 289c (2) HGB. The findings of the stakeholder survey conducted in the previous year were included.

The managers responsible for the topics concluded that, compared with the previous year, no new topics had arisen that were material both in terms of business activities and of the aspects defined in § 289c (2) HGB. The material topics on which the 2023/24 Non-Financial Group Report has been based are presented in the table below.

Aspects pursuant to § 289c HGB	Material topics
Environmental aspects	CO_2 emissions
	Disposal and recycling
	Product responsibility
Employee aspects	Employer attractiveness
	Employee recruitment and development
	Employee health
Social aspects	Product range and customer information
Respect for human rights	Responsible procurement
Combating corruption and bribery	Compliance – voluntary disclosures, as not material pursuant to § 289c (3) HGB

The findings were agreed with the Board of Management of HORNBACH Management AG in order to ensure consistent and comprehensive reporting for the overall Group.

1.3 Risk assessment

All material non-financial topics were subject to a risk assessment to ascertain whether our business activities, supply chain, or customers gave rise to any material risks for the aspects defined in § 289c (3) Nos. 3 and 4 and § 315c HGB. Our Group-wide risk management did not identify any risks requiring report at the HORNBACH Holding AG & Co. KGaA Group.

Further information can be found in the Group Management Report, Risk Report, and Outlook of HORNBACH Holding AG & Co. KGaA.

1.4 Sustainability strategy and management

We base our Group-wide entrepreneurial actions on the principles set out in the “HORNBACH Foundation” and the specification of these in greater detail in the “HORNBACH Values”. These have been published on our website (www.hornbach-holding.de/en/company/corporate-governance/hornbach-values). They provide a firm foundation for the values underpinning our dealings with customers, as well as our conduct towards our fellow employees.

We are convinced that responsible activities are a prerequisite for our long-term economic success and for the HORNBACH Group’s future prospects. Our sustainability strategy is intended to secure the company’s success on a long-term basis to the benefit of our employees and with respect for the environment and society in which we operate. Within our company organization, we have defined areas of action on which we base our sustainability strategy:

- Our **product range** provides our customers with the opportunity to consider ecological, health-related, and social aspects when making their purchases and facilitates more sustainable construction, renovation, and design. Relevant factors include the environmentally-friendly and socially responsible manufacture of the products, durability, sustainable product features, and environmentally-friendly packaging and transport.
- By offering **product-related services**, we help our customers to benefit from products for as long as possible and thus save resources. These include repair services and spare parts, as well as the professional disposal of products no longer suitable for use.

- We make people the focus of our activities and invest in long-term relationships. We aim to create a working environment in which all **employees** have the same opportunities, stay healthy, and are encouraged to take decisions under their own responsibility.
- We protect resources in our **own business operations**, for example by avoiding waste, promoting the renewed use of resources, and saving energy or procuring it from more environmentally-friendly sources or generating it ourselves. When we build new stores and logistics centers or purchase vehicles and operating materials, sustainability criteria are factored into the respective planning and procurement processes.

The topics resulting from the areas of action are presented in detail in the CSR Policy, which is valid throughout the Group. By setting mandatory CSR standards, the companies in the HORNBACH Group also require their business partners to comply with ecological, social, and ethical standards of conduct. Furthermore, the HORNBACH Group has published a policy statement on its human rights strategy. These documents are published on the company website at www.hornbach-holding.de/en/responsibility.

An internal CSR team comprising a core CSR team and members of the relevant departments from across the Group is responsible for further developing the company's strategic non-financial topics. The core CSR team coordinates and supports the work on sustainability topics at the overall Group and reports to the Boards of Management of HORNBACH Management AG and HORNBACH Baumarkt AG. The strategies, targets, and management of non-financial topics are largely defined by HORNBACH Baumarkt AG as the largest operating Subgroup and are the responsibility of that company's Board of Management. The Board of Management is regularly involved in topic-specific measures and kept informed of their implementation. The Chief Executive Officer of HORNBACH Baumarkt AG bears overall responsibility for the topic of CSR. He is additionally responsible for the areas of strategic development, operating services, expansion, and public relations. Sustainability-related topics are nevertheless dealt with by all Board of Management departments and are within the responsibility of the respective member of the Board of Management. The Chief Executive Officer of HORNBACH Baumarkt AG is also a member of the Board of Management at HORNBACH Management AG.

At the HORNBACH Baustoff Union GmbH Subgroup, the management is responsible for the strategies, targets, and management approaches for those non-financial topics deemed material. Overall responsibility is incumbent on the Chairman of the Management.

Within the Board of Management of HORNBACH Management AG, the General Partner of HORNBACH Holding AG & Co. KGaA, the CEO is responsible for the operating business at the HORNBACH Baustoff Union GmbH subsidiary.

2. Material Non-Financial Aspects

The HORNBACH Baumarkt AG Subgroup holds a dominant position within the HORNBACH Group, and that both in terms of business activities and of their implications for the aspects defined in § 289c (2) HGB as they pertain to the HORNBACH Holding AG & Co. KGaA Group. The B2C retail business at HORNBACH Baumarkt AG contributes by far the largest share of the Group's sales and is therefore also the most important lever in terms of implications for the aspects defined in § 289c (2) HGB.

The material non-financial topics identified for the Group are also relevant to the HORNBACH Baustoff Union GmbH Subgroup.

In view of this, unless indicated otherwise, the concept described in this Non-Financial Group Report relates to the targets, strategies, management approaches, and measures at the HORNBACH Holding AG & Co. KGaA Group. In what follows, the terms “we”, “HORNBACH” and “Group-wide” are synonymous with the entire HORNBACH Group. Diverging from this, we explicitly refer to any concepts pursued solely on the level of the HORNBACH Baumarkt AG or HORNBACH Baustoff Union GmbH Subgroups.

2.1 Product range and customer information

2.1.1 Targets and strategy

HORNBACH aims to satisfy the needs of its customers as closely as possible and consistently increase their satisfaction. Our DIY stores with garden centers, online shops, and builders’ merchant outlets provide our customers with a broad and deep product range and also offer product and project-based information and competent advice with regard to product features and their suitability for implementing specific construction and renovation projects. This way, we aim to enable our customers to make the right purchase decision for their situation. The ability to make a well-informed, independent decision in favor of or against a specific product is a prerequisite for high customer satisfaction and for building a permanent, trust-based customer relationship. This in turn forms the basis for the Group's business success.

With our permanently low price strategy across the whole product range, we position ourselves as a reliable partner for all projects in customers’ homes and gardens. We calculate permanently fair prices for the entire product range and therefore do not offer discounts or promotional prices.

One increasingly important aspect is the range of services we offer, which include trade work, tool and transporter rental, and repair services. With these, we on the one hand address customers who do not wish to or cannot implement the DIY projects themselves. On the other hand, we support customers in making longer use of products and not having to purchase machines and tools that are rarely used.

We obtain indications as to how satisfied our customers are with our product range, information, advice, and services from internal assessments and external customer surveys. To assess customer satisfaction, the HORNBACH Baumarkt AG Subgroup refers to the Kundenmonitor customer survey (ServiceBarometer AG) in Germany, Austria, and Switzerland and to other independent external studies conducted by prestigious institutes in the Netherlands and Sweden. [With regard to customer satisfaction, measured by reference to the Kundenmonitor surveys in Germany, Austria, and Switzerland, the company aims to achieve a score better than the sector average in a sales-weighted scale ranging from 1 (extremely/perfectly satisfied) to 5 (unsatisfied). This target forms part of the multiyear variable remuneration (MVR) for the Board of Management. √]

Target year	Target value
[2026/27 (MVR 1: 2023/24 - 2026/27)	2.04 to 2.10√]
2027/28 (MVR 2: 2024/25 - 2027/28)	2.04

By offering the maximum possible transparency concerning the source, contents, and environmental impact of our product ranges – throughout their entire lifecycles – we also aim to enable our customers to consider ecological, health, and social welfare factors when reaching their purchase decisions. Given consumers' ever growing interest in responsible lifestyles, increasing the range of corresponding products and services, as well as the range of information and advice on offer also harbors growth opportunities for the company.

[The HORNBACH Baumarkt AG Subgroup is currently investigating the products in its listed stock range to identify sustainability benefits compared with alternative products in its own product range, for example in terms of production, product qualities, logistics, and/or application. These products will be provided with a label in the internal article master data. The targets relating to the share of articles investigated also form part of the multiyear variable remuneration (MVR) for the Board of Management (see table). √]

Target year	% of stock range investigated and labeled as applicable in the internal article master data
[2026/27 (MVR 1: 2023/24 - 2026/27)	75%√]
2027/28 (MVR 2: 2024/25 - 2027/28)	80%

2.1.2 Management approach and measures

As part of our operating activities, we collect feedback from our customers and analyze their purchasing behavior. We also factor customer evaluations posted at our online DIY shops into this process. On this basis, we continually align our product range, services, and associated information and advice more closely to customers' needs. Not only that, when it comes to independent consumer surveys conducted to evaluate the performance of stationary DIY stores and garden centers in the European countries in which the Group operates we accord priority to being ranked among the best providers in terms of overall satisfaction, product selection, product quality, specialist advice, and value for money/prices. Our aim is to maintain our very good rankings across Europe and to improve those rankings that are less good.

To ensure that our employees are available for customers, and thus also safeguard the quality of advice provided in our retail business, we base our staff deployment planning on expected seasonal customer frequency volumes. Two key factors highly significant to our business success are the ability to attract qualified specialist staff and the provision of regular training and further development measures to our employees. Furthermore, the HORNBACH Baumarkt AG Subgroup provides digital product information and video tutorials in its online stores and on social media. These offer information on how to use the products, for example, or explain DIY projects on a step-by-step basis.

Within our product range, we are strengthening those products and services used in energy-efficient construction or for energy refurbishments. The product ranges relating to sustainable energy generation were extended in all countries in the year under report. Examples here include complete photovoltaics systems, balcony power plants, and micro wind turbines. We supplemented these by further expanding the range of information and advice on energy efficiency and generation available at the web shop. In some countries (Germany, Austria, Romania), the installation of photovoltaics is also offered, either via HORNBACH's trade service or purely as an intermediary for external partners.

A further focus topic in the year under report involved expanding our range of services for senior-friendly refurbishment. Thanks to the acquisition of Seniovo GmbH, a startup specializing in serial bathroom conversions, as of December 1, 2023, HORNBACH's trade service was extended to include a full-service solution for barrier-free bathroom conversion.

Furthermore, customers have the option of using low-emission products for their construction and renovation projects and this way to minimize the use or presence of harmful substances in their living environments. These products are labeled with widely recognized seals, such as Blauer Engel or the eco-INSTITUT seal, which are applied for by the respective manufacturers and displayed on the packaging. In addition, we actively indicate the energy and water-saving functions of products and do not stock controversial products or articles that pose a risk to the environment, such as glyphosate herbicides or plants whose cultivation involves the use of neonicotinoids (bee conservation). We are gradually converting our range of plant protection products to environmentally-friendly alternatives to chemical insecticides. Since the 2023/24 financial year, the range or organic plants and seeds offered under our private label "Floraself" has been certified and designated with the EU's eco label in all nine countries in which we operate.

The procurement organizations at HORNBACH Baumarkt AG and HORNBACH Baustoff Union GmbH manage our product range and the need for product and project-based customer information. To enable us to account as closely as possible for customers' needs in the countries where we operate our retail business, the procurement organizations account for both central and regional requirements when listing suppliers.

When selecting its products, HORNBACH is guided by its CSR Policy and CSR Standards. Conversely, that means we reserve the right to delist product ranges when they clearly infringe the CSR Policy or Standards or do not fit in with the company's ethos on other ethical or ecological grounds.

2.1.3 Target achievement status

In the 2023/24 financial year, the HORNBACH Baumarkt AG Subgroup was ranked first for overall satisfaction among customers for DIY and home improvement stores in the Netherlands, and Sweden and achieved second place in Germany. Furthermore, in most regions for which studies are available HORNBACH's DIY stores and garden centers held first or second position in the criteria relating to product range, value for money, and willingness to recommend to others. [The Kundenmonitor surveys in Germany, Austria, and Switzerland in the 2023/24 financial year resulted in a sales-weighted average score of 2.10 on the Scale of 1 (extremely/perfectly satisfied) to 5 (unsatisfied), meaning that the target value is currently met.√]

In addition to sector studies, the company also continually organizes proprietary surveys of DIY store customers in all countries where it operates (except Luxembourg). These are performed by an external provider on behalf of HORNBACH Baumarkt AG. Based on these surveys, in the catchment areas relevant to our business HORNBACH was most frequently the "first choice" for DIY store purchases among customers in Germany, the Netherlands, the Czech Republic, and Slovakia in the 2023/24 financial year. HORNBACH was ranked second in Austria, Switzerland, and Sweden. Moreover, HORNBACH was assessed as offering the best value for money in nearly all countries.

[The company pressed further ahead in the year under report with developing internal labeling for more sustainable products in its article master data. A systematic collection of sustainability attributes was compiled together with the respective definitions. On this basis, in the next stage the company intends to perform an assessment of sustainability benefits on article level. √]

2.2 Responsible procurement

2.2.1 Targets and strategy

Consistent, reliable product availability influences both HORNBACH's sales and its customers' satisfaction. One basic prerequisite involves ensuring the supply capability and reliability of our suppliers and of the supply chain at all times. Within our supply chain, we attend to compliance with minimum social and environmental standards. As the distributor, HORNBACH bears a particular responsibility in this respect for private label and imported goods.

Timber is a commodity of great importance for the Group's product range. HORNBACH's CSR Policy requires HORNBACH Baumarkt AG to ensure that the timber contained in all its products comes exclusively from sustainable production. For timber and timber products that were felled outside the European Union or in Romania, HORNBACH requires certification by the Forest Stewardship Council (FSC®). Timber and timber products from the EU are subject to the European Timber Regulation (EUTR) and therefore, as a general rule, do not require additional certification unless they come from a country with an increased risk of EUTR infringements (Romania). When importing natural stones, HORNBACH ensures that these come from companies that can document their compliance with international social and work safety standards in regular factory audits. Furthermore, HORNBACH delisted all hand-hewn natural stone from its product range in 2013 already.

For us, one basic rule of social responsibility involves recognizing international standards and conventions, such as:

- The United Nations Guiding Principles on Business and Human Rights (UN Guiding Principles)
- The United Nations Universal Declaration on Human Rights
- The Conventions and Recommendations of the International Labour Organization (ILO) on labor and social standards.

Our quality management also monitors compliance with environmental legislation and threshold values and bases this on the following standards and conventions including:

- The Stockholm Convention on Persistent Organic Pollutants (POPs Convention)
- The Minamata Convention and the EU's Mercury Regulation (EU) 2017/852
- The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal
- RoHS (Restriction of Hazardous Substances) Directive
- WEEE (Waste of Electrical and Electronical Equipment) Directive
- REACH (Registration, Evaluation, Authorisation of Chemicals) Directive.

The specific requirements we place in our suppliers are laid down in our CSR Standards for Business Partners of the HORNBACH Group. These standards are applicable to all companies within the overall Group and their business partners.

We are obliged to account for and implement the requirements of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) in our Group-wide procurement processes. These comprise:

- Analyzing the supply chain in terms of human rights risks
- Adopting a policy statement on the company's human rights strategy
- Appointing a human rights officer
- Embedding preventive measures in our own business operations and for direct business partners
- Taking immediate measures to remedy any legal infringements identified
- Establishing a complaints mechanism for legal infringements
- Complying with documentation and reporting obligations.

2.2.2 Management approach and measures

The HORNBACH Group commissions standardized audits, mainly of production sites for the products which HORNBACH stocks as private label products or imports directly from non-EU countries. Upon the preparation of this report, at its HORNBACH DIY stores and garden centers and online DIY shops the HORNBACH Baumarkt AG Subgroup stocked 54 private labels from across all five product divisions. These accounted for around 24% of total product sales. Compared with its sister company HORNBACH Baumarkt AG, the HORNBACH Baustoff Union Subgroup has a significantly lower share of imports and private labels, which account for a medium single-digit percentage share. As of the reporting date, HORNBACH Baustoff Union stocked three private labels mainly focusing on product ranges for garden landscaping (natural stones, construction chemicals), plaster, and thermal insulation systems, and tiles.

The factory audits are conducted by certified, accredited, and independent audit institutes on a regular basis for each production site. Successful audits are generally valid for one year, with a renewed audit subsequently commissioned. The key focus of the audit is to check compliance with environmental and social standards. Should any failure to comply with these standards be identified, then an action plan is agreed with the respective supplier. If the remedial actions do not show any effect, then the termination of the business relationship is foreseen. Merchandise deliveries may only be organized by those private label and import suppliers that meet HORNBACH's criteria and pass all factory audits. Compliance with requirements in the order process for imported articles is safeguarded by our SAP quality management system and managed by the "Quality Management and Environment" team. Audits are commissioned and monitored, also for HORNBACH Baustoff Union, by the HORNBACH Baumarkt AG Subgroup.

To monitor the supply chain for timber and track potential supply risks for its imported products, the HORNBACH Baumarkt AG Subgroup works with an early-warning risk detection system ("CSR map"). This system on the one hand includes the article master data for HORNBACH's DIY product range, as well as supplier audit reports. On the other hand, it provides country-specific information, such as corruption indices. Based on this data, it is possible to perform a risk assessment of individual articles. Not only that, the CSR map is also connected to a news system that processes items of news in real time. The news items are presented in relationship to the products, factories, and suppliers entered in the system. This way, potential interruptions and risks in the supply chain can be rapidly detected and avoided or reduced.

To document the source of the timber used and identify timber products from illegal or disputed sources, HORNBACH works closely with suppliers and environmental protection organizations. HORNBACH Baumarkt AG has been certified by the 2007 FSC® Chain of Custody certificate GFA-COC-002007 / FSC® C010062 since 2007. This certifies that the supply chain is consistently checked and traceable from the origin of the timber through to the end product at our DIY stores. Annual auditing by an independent audit institute confirms our entitlement to bear this certificate. Our range of charcoal products is also fully FSC®-certified.

2.2.3 Target achievement status

On the level of the HORNBACH Baumarkt AG Subgroup, a total of 524 factory audits were conducted, mainly at suppliers of private label products and of products directly imported from non-EU countries, in the 2023/24 financial year (2022/23: 585). In the year under report, there were no cases (2022/23: none) in which the Subgroup was required to terminate the business relationship with the supplier as a result of these audits.

The HORNBACH Baustoff Union GmbH Subgroup performed three factory audits at private label suppliers in the past financial year (2022/23: none). HORNBACH Baustoff Union also did not report any cases in the 2023/24 year under report in which the Subgroup was required to terminate the business relationship with its supplier (2022/23: none).

2.3 Product responsibility

2.3.1 Targets and strategy

The standard we have set ourselves as a sustainable retailer is to ensure that all products sold by HORNBACH are of flawless quality. We bear a particular responsibility as the distributing company for private labels, as well as for other imported articles. Defective products always also involve a reputational risk for the retailer. High product quality and durability make a key contribution to customer satisfaction and loyalty. We regularly conduct product quality tests to ensure flawless product quality across the whole of the product range.

We are also convinced that sustainable product features (e.g. water-saving, energy-saving, low in harmful substances, etc.), environmentally compatible packaging, and product recyclability are playing an ever more important role in how customers perceive companies.

2.3.2 Management approach and measures

HORNBACH's quality management covers the entire procurement chain, with a particular due diligence obligation for imported and private label products.

At the HORNBACH Baumarkt AG Subgroup, these activities are located at the "Quality Management and Environment" department. At HORNBACH Baustoff Union GmbH, responsibility lies with the procurement departments. The operating units perform the following trial-sample product checks either themselves or by commissioning external service providers. These are intended to safeguard the highest possible level of product quality:

- Merchandise inspection both during production and prior to shipment
- Merchandise inspection once the containers arrive at our logistics locations.

The HORNBACH Baumarkt AG Subgroup also tests products in terms of safety, contaminants, and suitability for use with the assistance of independent, accredited, and certified testing institutes and regularly has checks performed on samples from its HORNBACH DIY stores and garden centers. Further tasks include complaints monitoring, taking any corrective measures required, such as effecting improvements in the products, enforcing halts on sales, through to product recalls if defects arise in products already in circulation.

Furthermore, the quality management team monitors compliance with European standards and directives governing the registration, evaluation, authorization, restriction, and threshold values for chemicals and specified hazardous substances and so-called substances of concern (please see “Responsible procurement”).

2.3.3 Target achievement status

In the 2023/24 financial year, quality management staff at HORNBACH Baumarkt AG and accredited, certified, and independent audit institutes performed 1,328 (2022/23: 1,128) product quality tests (safety, contaminants, suitability for use) and 1,789 (2022/23: 1,644) article acceptance audits. Together, these correspond to 2,511 person-days (2022/23: 2,400) performed by independent audit institutes on behalf of HORNBACH. The number of these tests is dependent in each case on order volumes.

The company made it possible once again in 2023/24 for individual suppliers to perform their own self-inspections. To be eligible, business partners had to have enjoyed a long-term and stable relationship with HORNBACH, showed no or only few defects in previous audits, and thus have a good reputation. Inspection forms, documentary photographs, and letters of guarantee have been received from 6 suppliers (2022/23: 13).

2.4 Employer attractiveness

2.4.1 Targets and strategy

We are convinced that highly motivated and loyal employees are the basis for the company's success. Particularly sales staff and advisors at our DIY stores with garden centers and our builders' merchant outlets play a key role in influencing the satisfaction of our customers. For HORNBACH, a corporate culture which is characterized by open communications, appreciation, and diversity is therefore a basic requirement for upholding a high level of commitment. HORNBACH is convinced that all business relationships are based on trust. Trust is a core message in the HORNBACH Foundation and thus shapes our work relationships.

As a Group with operations across Europe and employees from more than 100 countries, we attach priority to creating a working environment that is free of prejudice. Furthermore, HORNBACH Baumarkt AG has signed the "Diversity Charter" and thus made a public commitment to treat all its employees with respect regardless of their gender, nationality, ethnic background, religion, disability, age, or sexual orientation. In Germany, the relevant legislation particularly requires cases of discrimination which involve an infringement of the German General Equal Treatment Act (AGG) to be registered and evaluated. In the financial year under report, twelve cases of discrimination involving an infringement of the AGG legislation were ascertained.

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Company >
Corporate Governance >
HORNBACH Values

HORNBACH is committed throughout the Group to the core labor standards of the International Labour Organization (ILO) and in particular to those governing the freedom and right to association. Due to the variety of legal and contractual requirements in the respective countries, co-determination topics are managed on a decentralized basis with unions and employee representatives. At HORNBACH Baumarkt AG in Germany, the appropriate representation of employees is safeguarded with our General Works Council, works councils at nearly all German locations, and equal representation of employees and shareholders on the Supervisory Board. Consistent with the German Works Council Constitution Act, we cooperate with all works councils on a basis of trust. Employee representation is also in place in Luxembourg, the Netherlands, and Sweden.

Furthermore, HORNBACH aims to maximize the diversity of its teams on all levels. Women currently hold 67% of the positions on the Supervisory Board of HORNBACH Holding AG & Co. KGaA and 33% of the positions on the Board of Management. At HORNBACH Baumarkt AG, the largest Subgroup, 3 of the 9 members of the Board of Management are women. Accounting for and respecting existing employment contracts, the diversity in the two management levels below the Board of Management at HORNBACH Holding AG & Co. KGaA is also to be increased. As of February 29, 2024, women accounted for 24.0% of the managers in the two management levels below the Board of Management at the HORNBACH Holding AG & Co. KGaA Group (69 of 288 positions). [Targets have been defined for the share of women managers in the two management levels below the Board of Management at the HORNBACH Baumarkt AG Subgroup; these form part of the multiyear variable remuneration (MVR) for the Board of Management (see table). √]

Target year	% of first management level at HORNBACH Baumarkt Group	% of second management level at HORNBACH Baumarkt Group
[2026/27 (MVR 1: 2023/24 – 2026/27)	25% (both management levels) √]	
2027/28 (MVR 2: 2024/25 – 2027/28)	27.5%	30%

To measure and manage our attractiveness as an employer, we refer to the personnel turnover rate as a quantitative indicator. The aim is to keep personnel turnover at the company stable at a low level or to reduce this. [For the multiyear variable remuneration for the Board of Management, target values were set in the 2022/23 and 2023/24 financial years which were based on the average personnel turnover rate at the HORNBACH Baumarkt AG Subgroup in the past five financial years (see table). √]

Target year	Personnel turnover (as average for the five previous financial years[1])
[2026/27 (MVR 1: 2023/24 – 2026/27)	12% (terminations by employee and employer) √]
2027/28 (MVR 2: 2024/25 – 2027/28)	10.1% (terminations by employees)

[1] Based on average number of employees in permanent regular employment relationships

2.4.2 Management approach and measures

The measures to uphold and increase our attractiveness as an employer are managed by the respective Personnel Departments at HORNBACH Baumarkt AG and HORNBACH Baustoff Union GmbH.

Our workforce structure data is presented in summarized form in the following table:

	2023/24	in %	2022/23	in %
Number of employees	**24,783**	**100.0**	**25,118**	**100.0**
of which in Germany	13,440	54.2	13,731	54.7
of which in Other European Countries	11,343	45.8	11,387	45.3
of which women	10,137	40.9	10,284[1]	40.9
of which men	14,645	59.1	14,806[1]	58.9
of which aged up to 30 years	6,075	24.5	6,451[1]	25.7
of which aged 31 to 50 years	11,312	45.6	11,599[1]	46.2
of which aged over 50 years	7,396	29.8	7,040[1]	28.0
of which part-time	6,832	27.6	6,597[1]	26.3
of which with a temporary employment contract	4,885	19.7	5,958[1]	23.7

[1] No structure data was available in the previous year for the employees at HORNBACH Baustoff Union in France (number of employees in previous year: 28).
[2] Including employees in Hong Kong (Group procurement)

Fair remuneration is a component of any trust-based work relationship. In those regions where collectively agreed payment rates are in place for the retail sector, i.e. in Germany, Austria, the Netherlands, and Sweden, at its HORNBACH stores HORNBACH Baumarkt AG voluntarily and comprehensively bases its remuneration on the respective collectively agreed rates. The collectively agreed rates for retail employees also apply to employees within HORNBACH's logistics. Overall, this means that around 75% of HORNBACH's employees are paid at or above the collectively agreed rates. 25% of HORNBACH's employees, namely those working in countries where no collectively agreed pay rates apply for the retail sector, are paid on the basis of agreements customary to the market and as a minimum in accordance with the statutory minimum wage. As in the previous year, in the 2023/24 financial year HORNBACH supported its employees in Germany by making inflation compensation payments to cushion the effects of the sharp rise in inflation across Europe.

HORNBACH offers its (full-time and part-time) employees numerous additional benefits in all nine countries in which it operates. In nearly all regions (figures in brackets denote coverage for additional benefit in %), these include:

- Profit sharing (95.0%)
- Vacation and/or Christmas allowances or a 13th monthly salary (99.8%)
- Company pension scheme or contribution to pension insurance (87.8%)
- Employee shares in HORNBACH Holding AG & Co. KGaA (100%).

Furthermore, in some of the countries in which the company operates it offers further additional benefits in line with practices typical to the respective country, such as:

- Occupational disability insurance
- Healthcare promotion (e.g. company physician, mental health support services, physiotherapy, fitness)

- Advice on nursing care
- Work bicycle
- Anniversary payments.

The company grants maternity protection and parental leave in accordance with statutory requirements in all countries in which it operates. In Switzerland, it even goes beyond legal requirements in this respect.

HORNBACH enables its employees to organize their working hours themselves, provided that this is compatible with the stipulated working processes. At the Group’s administration locations, flextime and mobile work are possible at all locations. In some cases and in liaison with their respective managers, however, employees have to be present for core working hours.

Employees at HORNBACH's DIY stores and garden centers have shift-based working hours, mostly in three shifts, as do employees at the outlets of HORNBACH Baustoff Union GmbH. Here too, we are making efforts to enable our employees to structure their working hours flexibly to the extent permitted by organizational requirements and the legal framework. In some countries, for example, employees are able to structure their weekly working hours in four rather than five days or to amend their weekly working hours in line with their requirements. In connection with the introduction of the “Work Made to Measure” model, employees in Germany also have the option of converting vacation or Christmas allowances into additional days offer or to have overtime paid as a 13th monthly salary.

Part-time models are in place across the Group. All employees with work time accounts can have their work time digitally recorded down to the nearest minute. This provides them with flexibility in building up or reducing overtime. This option does not apply to managers from a specific functional level upwards. Weekly working hours depend on the work time regulations typical to the respective country.

To offer employees a neutral point of contact, HORNBACH has created the position of ombudsperson. They act as a contact partner to all HORNBACH employees in difficult situations. Their main job is to act as an intermediary and arbitrator in misunderstandings and conflicts. This neutral point of contact is used by employees from across the Group and has met with high acceptance levels.

2.4.3 Target achievement status

[In the 2023/24 financial year, the personnel turnover rate at the HORNBACH Baumarkt AG Subgroup (terminations by employer and employees) amounted to 17.7% (2023/24: 16.7%), meaning that the target is currently not met.√] The personnel turnover rate at the HORNBACH Holding AG & Co. KGaA Group amounted to 17.4% (2022/23: 16.4%).

[The share of women in the two management levels below the Board of Management at the HORNBACH Baumarkt AG Subgroup amounted to 25.6% (63 of 246 positions), meaning that this target is currently met. √]

2.5 Employee recruitment and development

2.5.1 Targets and strategy

Given our strategic focus on project customers at our DIY stores and garden centers and on commercial customers at our builders' merchant outlets, we have a great requirement for well-informed employees who are able to competently support our customers in complex construction and renovation projects. High-quality advice and service play a key role in determining the satisfaction of our customers and the Group's business performance and situation. Specialist staff in the stationary business therefore have to be familiar with the products offered within their area of activity and their uses, and must also be promptly trained when new models are introduced.

As training requirements may vary over time, the company does not have any quantitative targets in respect of training measures. We nevertheless record the number of employees participating in certified further training programs and management training, as well as the number of virtual training and product training sessions at HORNBACH Baumarkt AG.

Where possible, key positions and management positions becoming vacant should be filled with internal candidates. By offering a range of development measures, we aim to act early to prepare suitable employees in a forward-looking manner for future management responsibility. When necessary, we draw on targeted recruitment on the free labor market.

A further declared aim of HORNBACH is to retain a large number of experienced employees at the company. Both the company and its customers benefit from the longstanding experience these employees have with HORNBACH's product range and services.

Given low unemployment rates across large parts of Europe, recruiting new employees is a challenge. As well as ensuring good working conditions (see “Employer attractiveness”), it is therefore essential for us to provide all employees with attractive opportunities for further training and development.

We collect quantitative key figures on trainees and current vacancies. We do not have any specific targets in respect of the key figures collected. The recruitment of new employees is always based on current requirements.

2.5.2 Management approach and measures

We recruit a large share of our fresh talent from HORNBACH's training and study programs. We basically train the right number of people to cover our own requirements. This way, we ensure that all trainees and participants in dual work-study programs have good chances of being accepted by the company once they have successfully completed their training or study program. Recruitment is managed on a decentralized basis in line with requirements at individual locations. In selecting suitable applicants, the operating units are assisted by the relevant personnel department.

We aim to adapt the range of training positions on offer to current requirements in both quantitative and qualitative terms. To cover our need for personnel we work closely together, for example, with Chambers of Industry and Commerce (IHK), colleges offering dual work-study programs, and various cooperation partners in other European countries.

In training the next generation of suitably qualified staff, we benefit from the high quality standards offered by the dual vocational training system in Germany, among other factors. The HORNBACH Baumarkt AG Subgroup also works with comparable dual work-study training programs in Austria and Switzerland. Not only that, in Romania we are working with other retailers and the International Chamber of Commerce to permanently establish a dual vocational training system. HORNBACH does not offer comparable training schemes in the other countries in which it operates.

We also access potential applicants by participating in recruitment fairs and applicant training programs across Europe in cooperation with local or regional organizations, as well as with our presence in numerous digital media.

Our new hire structure data is presented in summarized form in the following table:

	2023/24	in %	2022/23	in %
Newly hired employees	**5,105**	**100.0**	**6,233**	**100.0**
of which in Germany	1,841	36.1	2,471	39.6
of which in Other European Countries	3,264	63.9	3,762	60.4
of which women	1,820	35.7	2,239	35.9
of which men	3,284	64.3	3,994	64.1
of which aged up to 30 years	2,836	55.6	3,430	55
of which aged 31 to 50 years	1,543	30.2	1,926	30.9
of which aged over 50 years	726	14.2	877	14.1

[1] Including employees in Hong Kong (Group procurement)

Practical knowledge about the products and their applications is communicated in practical and product-based training sessions offered in cooperation with suppliers. In addition, HORNBACH offers product and project-based training at on-site events or by video or print media, as well as further training for professional drivers. Where necessary, HORNBACH also enables further employees to acquire their professional driving qualification.

Working together with Chambers of Industry and Commerce, we enable our employees to participate in certified training programs. These include qualification as a retail specialist, for example. Furthermore, internal and external seminars are also offered across the Group. These measures are managed by the relevant personnel departments at HORNBACH Baumarkt AG and HORNBACH Baustoff Union GmbH.

We prepare upcoming management staff at the HORNBACH Baumarkt AG Subgroup for their new tasks with a separate training program. To this end, qualification modules have been developed for all store management positions. HORNBACH offers corresponding development opportunities to employees at its central administration departments and logistics centers as well.

By holding regular meetings between HORNBACH managers and their employees, we aim to help make sure that all employees can develop their skills further in line with their needs and strengths. We believe that offering individual development opportunities is an effective way to boost employees' commitment to HORNBACH.

2.5.3 Target achievement status

In the 2023/24 financial year, HORNBACH employed 1,088 trainees and participants in dual work-study programs at the HORNBACH Baumarkt AG and HORNBACH Baustoff Union GmbH Subgroups in Germany, Austria, Switzerland, and Luxembourg (2022/23: 1,124). A Group-wide total of 449 trainees completed their training in the year under report (2022/23: 435); this corresponds to 41.3% (2022/23: 38.7%). A total of 312 trainees were accepted for regular employment or for a third year of training (2022/23: 295); this corresponds to an acceptance rate of 69.5% (2022/23: 67.8%).

The structure data for trainees and participants in dual work-study programs at the HORNBACH Group is summarized and compared with the previous year's figures in the following table:

	2023/24	in %	2022/23	in %
Total number of trainees and participants in dual work-study programs	1,088	100.0	1,124	100.0
of which in Germany	841	77.3	885	78.7
of which in Other European Countries	247	22.7	239	21.3
Training completed in year under report	449	41.3	435	38.7
of which accepted for regular employment or for a third year of training	312	69.5	295	67.8

In the year under report, a total of 669 virtual product and other training sessions were held at HORNBACH Baumarkt AG (2022/23: 534), while 136 employees took part in certified training programs (2022/23: 118). Management training sessions were attended by 505 employees (2022/23: 506). Of the 165 management positions (2022/23: 172) filled in the year under report, 136 (2022/23: 126), or 82.4% (2022/23: 73.3%), were awarded to internal employees.

2.6 Employee health

2.6.1 Targets and strategy

Healthy and motivated employees form the basis for the company's success. It is therefore important to the company that its employees should comply with safety measures, be careful when at work, and familiarize themselves with any hazards. In our work environment, it is just as important to be alert as it is to wear personal protective equipment.

Health protection is an established aspect of our daily work at the company and ranges from identifying the causes of any accidents, taking suitable preventive measures, through to effectiveness checks. The mental health of our employees is also increasingly in focus. The company has set itself the explicit target of protecting not only the physical integrity, but also the mental health, of its workforce.

The company does not have any quantitative targets concerning employee health.

2.6.2 Management approach and measures

The work safety department coordinates all health protection measures in place across the Group. The respective store manager or location director is responsible for implementing these measures. Consistent with legal requirements, HORNBACH has also formed a Work Safety Committee comprising representatives of the operating locations and the works council (where applicable), as well as the company physician and occupational health and safety specialists. The Work Safety Committee meets once a quarter and discusses strategies, measures, and current incidents.

The basic principles of safe conduct and work are summarized in HORNBACH's Safety Manual. This serves as a basis for annual instruction sessions and is made available as a point of reference to all company employees in Germany. For the other countries in which HORNBACH operates, the Safety Manual serves as a minimum standard and can be supplemented with country-specific aspects. This also applies when local legislation permits lower safety standards. Those employees who are exposed to specific risks on account of their activities receive regular training relevant to their activity. Additional instruction is provided in the event of accidents or other safety-relevant incidents.

Safety officers have been appointed from among the workforce at all operating units (DIY stores and garden centers, outlets of HORNBACH Baustoff Union, and logistics centers). One example of their responsibilities is a monthly safety inspection of the relevant site. The Group also has a fire protection officer who is in turn supported by fire protection assistants at all locations. Additional functions, such as evacuation assistants and first-aid specialists, are also covered within the organization. Employees performing these functions receive regular training, as a minimum every three years.

A risk assessment has to be performed and documented at least once a year. Additional event-specific risk assessments are required, for example when conversion measures are implemented, new work equipment is introduced, accidents have occurred, and when changes arise in employees' performance capacity.

HORNBACH provides all its employees with the personal protective equipment they need for their roles, such as gloves, protective shoes, ear protection, safety glasses, safety knives, and back support belts. For lifting and carrying heavy goods, work equipment such as floor conveyors and lift trucks are available. These topics are particularly relevant to employees in the operating units. Alongside these, there is the matter of ergonomic setups for computer screen workplaces. Here, special recommendations are available for HORNBACH employees who are also able to perform their work on a mobile basis. To reduce psychological strain, training is offered to all employees via "HORNBACH Campus", the company's internal learning platform.

In Germany, HORNBACH cooperates with the "Evermood" health platform, which offers information, tips, and personal support with mental health issues, including a range of psychological advice. This service is available to employees at headquarters and in the logistics centers.

2.6.3 Target achievement status

The number of work-related accidents requiring report (>3 workdays lost) amounted to 698 in the year under report (2022/23: 644), resulting in an accident incident rate (accidents per 1,000 employees) of 29.8 (2022/23: 27.1). The accident rate is based on 23,416 active employees (excluding Hong Kong and HORNBACH Baustoff Union in France). There were no fatal accidents in the year under report (2022/23: one). The sickness rate at the HORNBACH Baumarkt AG Subgroup stood at an annual average of 8.7% (2022/23: 8.9%).

Employee health	2023/24	2022/23
Number of work-related accidents requiring report (>3 workdays lost)	698	644[1)]
of which accidents on way to/from work	141	106[1)]
Accident rate (accidents per 1,000 employees)	29.8	27.1[1)]
Number of fatal accidents	0	1
Sickness rate (HORNBACH Baumarkt AG)	8.7%	8.9%

1) Previous year's figures adjusted due to retrospective report

2.7 CO_{2e} emissions

2.7.1 Targets and strategies

HORNBACH is making a contribution towards achieving the climate targets agreed by the government. The company records and documents the CO_{2e} emissions directly and indirectly resulting from its business activities. Since the 2020/21 financial year, we have measured the CO_2 footprint of our buildings and of the vehicles and equipment we ourselves operate (Scopes 1 and 2) at the HORNBACH Group. The largest share of these emissions relates to the operation of our retail outlets and logistics locations. The company plans to continually reduce its CO_{2e} emissions (Scopes 1 and 2) in the coming years. By the 2030/31 financial year, it plans to achieve a reduction in Scope 1 and 2 CO_{2e} emissions on Group level of 42% compared with the 2021/22 base year, with this reduction being consistent with the 1.5-degree target of the Paris Climate Agreement. [In the context of multiyear variable remuneration (MVR) for the Board of Management, reduction targets have initially been set for the HORNBACH Baumarkt AG Subgroup (see table). The reduction target for

MVR 2 has been adjusted compared with MVR 1 in order to comply with the Group's target (1.5-degree target). √]

Target year	Reduction
[2026/27 (MVR 1: 2023/24 – 2026/27)	20% reduction per m² of heated space (base year 2020/21), based on HORNBACH Baumarkt Subgroup) √]
2027/28 (MVR 2: 2024/25 – 2027/28)	28% overall reduction (base year 2021/22), based on HORNBACH Baumarkt Subgroup)

HORNBACH is also working towards recording indirect CO_{2e} emissions in its value chain (Scope 3). It plans to report its complete Scope 3 emissions for the first time for the 2024/25 financial year. In the current financial year, we have already reported on select categories of upstream Scope 3 emissions (see table below).

2.7.2 Management approach and measures

CO_{2e} emissions resulting from the operation of proprietary stores and logistics centers can largely be reduced by avoiding or lowering energy consumption. In recent years, HORNBACH already saved substantial volumes of energy by deploying smart lighting management and building control technology, as well as by converting nearly all stores and logistics centers to LED lighting.

In the financial year under report, the company significantly expanded its proprietary electricity generation from photovoltaics systems. A Group-wide total of 40 photovoltaics systems with a capacity of around 19,400 KWp were in operation or construction as of the balance sheet date. Of these, 34 systems with a capacity of around 18,100 KWp were newly installed in the 2023/24 financial year. Furthermore, two stores previously heated with gas or oil were converted to district heating in the year under report.

In calculating its CO_{2e} emissions (Scopes 1, 2, and 3), HORNBACH refers to estimates, assumptions, and projections when no real data are available.

The CO_{2e} emissions (Scopes 1 and 2) are presented in the following tables:

Greenhouse gas emissions in tonnes of CO_{2e}	**2023/24**	2022/23[4)]	2021/22 (base year for 1.5° target; MVR 2)[4)]
Scope 1[1)]	**28,455**	**30,518**	**35,417**
Stationary combustion	18,253	19,760	25,995
Mobile combustion (vehicle pool)	10,202	10,758	9,421
Scope 2 (market-based)[2)]	**35,891**	**35,219**	**33,026**
Electricity	33,442	32,826	30,483
District heating	2,448	2,393	2,543
Scope 2 (location-based)[3)]	**40,667**	**38,615**	**49,001**
Total greenhouse gas emissions in Scopes 1 and 2 (market-based) in tonnes	**64,346**	**65,737**	**68,443**

(Differences due to rounding up or down)
1) Excluding coolants
2) Market-based figures refer to emission factors at the electricity supplier.
3) Location-based figures refer to average emission factors for the region (country) in which the electricity is consumed.
4) Due to a change in the calculation methodology (change of provider), the figures calculated for the previous years have been recalculated. Figures previously reports for total Scope 1 and Scope 2: 2022/23: 65,611; 2021/22: 75,421

Greenhouse gas emissions in tonnes of CO_{2e}/m^2	[2023/24√]	2022/23[1]	2021/22[1]	[2020/21 (base year MVR 1)[1] √]
Greenhouse gas emissions in Scopes 1 and 2 (market-based) per m² of heated space[2] in kg, excluding vehicle pool	31.6	32.0	35.8	37.8

[1] Previous year's figures adjusted due to a change in the calculation methodology (definition, change of provider)
[2] HORNBACH Baumarkt Subgroup: stores, logistics centers, administration

The following measures to reduce Scope 1 and 2 emissions further have been defined:

- The installation of photovoltaics systems at store, logistics, and administration locations is to be further rolled out across the Group.
- The consumption of fossil fuels (gas, oil), which are used above all for heating, is to be further reduced by converting stores to other heating systems. The available technical options are currently being analyzed, taking due account of the lifecycles of existing heating systems.
- A new company car policy promoting the use of emission-free and low-emission vehicles was developed in the year under report and is valid from March 1, 2024.

The Scope 3 categories already recorded in the 2023/24 financial year are presented in the table below:

Greenhouse gas emissions in tonnes of CO_{2e}	2023/24
Category 1: Purchased goods and services (only packaging)	98,047
Category 2: Capital goods	71,246
Category 3: Fuel and energy-related activities	17,145
Category 5: Waste generated in operations (excluding wastewater)	5,447
Category 6: Business travel	1,690
Category 7: Employee commuting	21,062

2.7.3 Target achievement status

In the 2023/24 financial year, the company reduced its Group-wide greenhouse gas emissions (CO_{2e}, Scopes 1 and 2) by 2.1% compared with the previous year and by 6.0% compared with the 2021/22 base year (MVR 2; 1.5-degree target). [Per square meter of heated space, the HORNBACH Baumarkt AG Subgroup achieved a reduction of 1.2% compared with the previous year and of 16.5% compared with the 2020/21 base year (MVR 1). The reduction target for MVR 1 has thus currently not yet been met.√]

2.8 Disposal and recycling

2.8.1 Targets and strategy

As a retail company, HORNBACH is responsible for the product packaging of its private labels and own imports, as well as for transport packaging and article repackaging. By ensuring that these materials are handled in resource-effective ways, HORNBACH is making an active contribution to building a circular economy. We aim to use as little packaging material as possible and to design unavoidable packaging in such a way that it is as recyclable as possible.

In our business operations, we have adopted an end-to-end waste concept which promotes the separation and thus recycling of resources as secondary resources while simultaneously minimizing the volume of non-recyclable materials. Not least in view of the consistent rise in disposal costs, we see well-considered resource management as indispensable.

We support our customers in using the products they buy from us for as long as possible by offering repair services and spare parts. Products and materials that can no longer be used can be disposed of in an environmentally compatible manner at HORNBACH. We provide customers across the Group with the opportunity to return and dispose of lighting materials, old electrical appliances, waste oil, and batteries. We also support them in correctly disposing of construction rubble.

The company currently does not have any specific targets with regard to packaging design, reducing waste in its proprietary business operations, or taking back and disposing of products. The volume of waste and recyclable materials incurred in business operations was recorded for 87% of retail outlets and logistics locations in the year under report.

2.8.2 Management approach and measures

Within the product development process, in the 2023/24 financial year we stepped up our efforts to further reduce the volume of packaging used for private label products and proprietary import articles. Where this is not possible, we are working on more environmentally-friendly alternative solutions. One special focus is on reducing the volume of plastic packaging and packaging material within our proprietary sales packaging. A further target is to replace packaging made of paper-plastic composites with packaging made of just one material. Optimization measures are implemented on a gradual basis in line with scheduled product range revisions. The licensing of packaging materials is managed on a Group-wide basis by the central administration in Germany.

As a member of the “Euro Plant Tray” association, HORNBACH cooperated with other retailers in the year under report to press ahead with introducing a multiple-use system for plant transport packaging that is valid across Europe. The multiple-use plant trays will enter circulation from 2024 onwards.

To simplify disposal and gain a precise overview of all material flows, HORNBACH operates its own online recycling portal that is used by HORNBACH Baumarkt AG and its subsidiaries in six countries and at HORNBACH Baustoff Union. Each location connected to the portal has an overview of all waste classes and is able to commission professional disposal services exactly when required. The portal also serves to manage collection of proprietary resources by HORNBACH's fleet of "Resource Liners".

In 2014, we began the proprietary collection of resources from our stores using our HORNBACH "Resource Liners". These now travel across large parts of the countries in which we operate. This way, we are able to collect large quantities of resources at the stores and then to deliver them to the desired recycling locations, such as paper factories. HORNBACH can thus on the one hand ensure that further processing of the resources takes place directly. On the other hand, this approach also reduces disposal charges. A further benefit is that these trucks can be integrated into the store delivery network. This way, empty runs can be avoided and stores that are in any case located on the trucks’ disposal routes can be supplied with the necessary merchandise. To minimize the number of runs as far as possible, HORNBACH’s stores and logistics centers work with baling presses for the high-volume waste classes of paper and plastics.

HORNBACH pursues a variety of approaches to directly make new products out of resources. Wood chippings, for example, are offered as an alternative to mulch at HORNBACH’s stores. Furthermore, new products such as water butts are made out of recycled hard plastic.

2.8.3 Target achievement status

In the year under report, the company disposed of the following volumes of waste and resources via the locations connected to the disposal portal. HORNBACH’s locations in Romania, Slovakia, and the Czech Republic are currently not connected to the portal.

Resources in tonnes (rounded total)	2023/24	2022/23
Plastics	2,550	2,800
Paper, paperboard, cardboard	10,515	11,200

Waste in tonnes (rounded total)	2023/24	2022/23
Waste for recycling	8,595	8,400
Old paint, old varnish (containing dispersion and solvents)	331	315
Waste metal & aluminum	2,420	2,700
Rubble (pure)	12,435	14,000
Electrical waste (small and large appliances, cooling appliances, lighting materials)	672	680
Gypsum-based waste	1,985	2,450
Timber (A1 - A3)	29,085	29,750
Compost material / green waste	2,480	2,850

2.9 Compliance

2.9.1 Targets and strategy

HORNBACH's compliance management system is built on a value-based approach. The principles set out in the "HORNBACH Foundation" and their specification in the "HORNBACH Values" form the defining basis for HORNBACH's system of values. These have been translated into all relevant languages at the Group and made available to all employees. Compliance with legal requirements and internal company policies and ethical principles is indispensable to HORNBACH and the company has aligned its corporate culture to these principles. In particular, these also include internal anticorruption regulations.

Corruption and bribery/corruptibility may have substantial implications for the company and its employees, cause enormous harm to the company's reputation, and lead to a long-term loss of trust. In view of this, combating corruption and bribery/corruptibility is one of the focus compliance topics. As with all compliance infringements, HORNBACH has a zero-tolerance policy towards corruption.

2.9.2 Management approach and measures

HORNBACH's compliance management system has a primarily preventive focus with the aim, wherever possible, of avoiding infringements in the first place. The Compliance Unit manages the coordination and continuous optimization of Group-wide compliance activities. The Head of Compliance reports directly to the Chief Compliance Officer. The Compliance Department is further supported by compliance officers responsible for the regions and specialist departments.

As a general rule, individual one-to-one meetings are held with compliance officers from the regions several times a year. In addition, joint Group meetings with all compliance officers from the specialist departments and regions take place twice a year.

These regular meetings address individual topics, such as training requirements or the existence of compliance-relevant topics. This ensures that the Compliance Unit is kept informed of system-relevant developments in the regions and specialist departments over and above the matters reported on an ad-hoc basis. Furthermore, the Compliance Committee, which is the topmost advisory body within the compliance organization, also meets regularly and discusses relevant compliance-related developments.

In addition to the bodies and contact partners directly involved, the compliance management system is also supplemented by a web-based whistleblower system. This offers a further system that is available worldwide to enter into dialog with the compliance organization, anonymously if preferred. It provides a channel for submitting notifications of potential compliance infringements, particularly those relating to corruption and bribery/corruptibility.

The standards of conduct set out in the "HORNBACH Values" place explicit expectations in the company's managers and employees. Among others, these include a commitment to fair competition and conduct based on integrity. They also explicitly condemn conflicts of interests and corruption. This approach is set out in greater detail in the document "HORNBACH's Standards of Conduct – Acceptance and Granting of Gratuities". The corresponding expectations in managers and employees are formulated on the basis of various guiding principles.

The HORNBACH Foundation, the HORNBACH Values and "HORNBACH's Standards of Conduct – Acceptance and Granting of Gratuities" are provided to all employees when they start working at HORNBACH and are also permanently available in digital form on the Group's intranet.

2.9.3 Target achievement status

The anticorruption concept presented above is intended to avoid all kinds of corruption and bribery/corruptibility and to fully prevent any such cases arising. No incidents of corruption or bribery/corruptibility were identified in the 2023/24 financial year.

3. EU Taxonomy

3.1 Background

As a result of the European Green Deal, the topics of climate protection, ecology, and sustainability are becoming a key focus of political measures taken by the European Union with the overriding objective of achieving climate neutrality by 2050. In March 2018, the European Commission presented the "Sustainable Finance" Action Plan to channel funding into sustainable investments, tackle the financial risks resulting from climate change, the shortage of resources, environmental destruction, and social problems, and increase transparency and long-termism in financial and economic activity. One specific measure in the Action Plan involves introducing a taxonomy of sustainability, which was subsequently established in Regulation (EU) 2020/852 (hereinafter: "EU Taxonomy"). The EU Taxonomy, which entered effect in 2020, provides a system for classifying environmentally sustainable economic activities. According to this system, an economic activity is to be classified as sustainable if it particularly makes a substantial contribution to one of the six following environmental objectives:

- Climate change mitigation (CCM)
- Climate change adaptation (CCA)
- The sustainable use and protection of water and marine resources (WTR)
- The transition to a circular economy (CE)
- Pollution prevention and control (PPC)
- The protection and restoration of biodiversity and ecosystems (BIO).

In 2023, the EU officially published Delegated Regulation 2023/2486 (hereinafter "Environmental Delegated Act") and Delegated Regulation 2023/2485. The Environmental Delegated Act comprises economic activities in the four remaining environmental objectives and contains amendments to the previously published Delegated Regulation (EU) 2021/2178 (hereinafter "Disclosures Delegated Act"). Delegated Regulation 2023/2485 contains amendments to the previously published Delegated Regulation (EU) 2021/2139 (hereinafter "Climate Delegated Act"). Furthermore, Delegated Regulation (EU) 2022/1214, which addresses specific gas and nuclear energy activities, continues to apply (hereinafter "Complementary Climate Delegated Act").

If an economic activity is recorded and described in these delegated acts, then in the first stage it is to be classified as "taxonomy-eligible". For a taxonomy-eligible economic activity to be viewed in the second stage as "taxonomy-aligned", it must cumulatively meet the requirements presented below:

- The economic activity makes a substantial contribution to at least one of the environmental objectives by meeting the technical screening criteria stipulated by the EU Taxonomy for a substantial contribution.
- The economic activity does not significantly harm one or more of the other environmental objectives and therefore meets the technical screening criteria for the avoidance of significant harm (the "do not significantly harm" (DNSH) criteria) of the EU Taxonomy.
- Minimum safeguards are basically complied with across the respective activities.

Pursuant to the EU Taxonomy and the supplementary delegated acts, in our Non-Financial Group Report we report the proportions of taxonomy-eligible turnover, capital expenditure (CapEx), and operational expenditure (OpEx) for all environmental objectives and the proportions of taxonomy-aligned turnover, capital expenditure (CapEx), and operational expenditure (OpEx) for the first two environmental objectives of "climate change mitigation" and "climate change adaptation" for the 2023/24 financial year. HORNBACH is not affected by any economic activities relating to the generation of energy from fossil gas or nuclear energy. It has therefore foregone disclosing the specific templates for these activities. The EU Taxonomy and the delegated acts issued on this include formulations and concepts whose interpretation is still subject to significant uncertainty and for which clarifications have not yet been published in all cases.

Some economic activities may possibly contribute towards several environmental objectives. Where an economic activity contributes to several environmental objectives, it has been allocated to just one environmental objective in order to avoid double counting.

The key performance indicators requiring report for the EU Taxonomy in the 2023/24 financial year are summarized in the table below:

2023/24	Total in € 000s	Taxonomy-eligible proportion in %	Taxonomy-aligned proportion in %
Turnover	6,160,886	0.7%	0.0%
Capital expenditure (CapEx)	236,790	39.8%	13.8%
Operational expenditure (OpEx)	101,312	78.3%	26.9%

3.2 HORNBACH's economic activities

The sales of the HORNBACH Group recognized pursuant to IFRS 15 were analyzed to assess whether they can be allocated to one of the economic activities listed in the annexes to the Climate Delegated Act, the Complementary Climate Delegated Act, or the Environmental Delegated Act and thus viewed as taxonomy-eligible.

The business activities which generate HORNBACH's sales are primarily those a traditional commodity dealer: procurement and sale of goods and related services. By analogy with the previous year, the analysis established that HORNBACH's retail activities are not presented within the environmental objectives of "climate change mitigation" or "climate change adaptation". Within the "transition to a circular economy" environmental objective, the company identified economic activity 5.2. "Sale of spare parts" and therefore classified this as taxonomy-eligible. As a result, the environmental sustainability of HORNBACH's retail activities can only be assessed to a limited extent. In addition to its traditional retail activities, HORNBACH also offers various project services in its trade services. Part of the resultant trade service sales may be allocated to economic activity 7.3. "Installation, maintenance and repair of energy efficiency equipment" in connection with the "climate change mitigation" environmental objective and therefore classified as taxonomy-eligible.

In the 2023/24 financial year, the key performance indicators presented below for turnover, capital expenditure (CapEx), and operational expenditure (OpEx) were calculated with due application of a materiality approach. Only those economic activities for which the taxonomy-eligible key figure reached the threshold of 1% were assessed to ascertain their taxonomy-alignment. For the financial year under report, it is only necessary to report taxonomy eligibility for the economic activities covered by the Environmental Delegated Act (environmental objectives 3-6) and the amendments to the Climate Delegated Act.

3.3 Turnover

Turnover as defined in the EU Taxonomy corresponds to the consolidated net sales recognized pursuant to IAS 1.82(a) in the IFRS consolidated financial statements. The income statement in the consolidated financial statements of HORNBACH Holding AG & Co. KGaA for the 2023/24 financial year reports sales of € 6,160,886k (please see the comments on the "Basis of accounting" and Note (1) "Sales" in the consolidated financial statements).

The key performance indicators reported in the table on turnover present taxonomy-eligible and taxonomy-aligned turnover as a proportion of the Group's total sales.

Taxonomy-eligible turnover

HORNBACH generates sales from trade services that may be allocated to economic activity 7.3 "Installation, maintenance and repair of energy efficiency equipment" in connection with the "climate change mitigation" environmental objective and therefore classified as taxonomy-eligible. These sales of € 30,203k (2022/23: € 32,147k) primarily result from the installation of door and window elements, the installation of water and energy-saving fittings, and insulation measures. Furthermore, HORNBACH generates sales in economic activity 5.2 "Sale of spare parts" that are associated with the "transition to a circular economy" environmental objective and, in view of this, are to be classified as taxonomy-eligible for the first time in the 2023/24 year under report. At the end of the year, sales from the new economic activity 5.2 "Sale of spare parts" amounted to € 15,067k.

In the 2023/24 financial year, the Group's taxonomy-eligible turnover amounted to € 45,270k. Taxonomy-eligible turnover thus accounted for a 0.7% proportion of total sales (2022/23: 0.5%). The increase in taxonomy-eligible turnover is chiefly due to the inclusion of a new economic activity, "Sale of spare parts", which has been reported for the first time for the 2023/24 financial year.

Taxonomy-aligned turnover

The taxonomy-eligible turnover resulting from the trade service comprises a large number of very small orders. Assessing the taxonomy alignment of this turnover would require specific consideration of each individual order. Given due application of the materiality approach, the company currently only assesses the taxonomy alignment of those activities for which the taxonomy-eligible turnover accounts for at least 1% of total sales. As a result, taxonomy-aligned turnover accounts for a 0% proportion of total sales.

The taxonomy assessment for economic activity 5.2 "Sale of spare parts" only has to be performed in the next financial year.

3.4 Capital expenditure (CapEx)

According to the definition in the EU Taxonomy, capital expenditure comprises additions to tangible and intangible assets during the financial year before depreciation, amortization, and any remeasurements, including those resulting from revaluations and impairments, for the relevant financial year and excluding fair value changes. The capital expenditure of the HORNBACH Group comprises additions to property, plant and equipment (IAS 16), intangible assets (IAS 38), investment property (IAS 40), and right-of-use assets (IFRS 16) (please see the comments on the "Basis of accounting" and the relevant Notes (11), (12), and (13) in the consolidated financial statements). Due account also has to be taken of additions resulting from business combinations (IFRS 3) except for any goodwill arising thereby.

In the 2023/24 financial year, total capital expenditure at the Group amounted to € 236,790k (2022/2023: € 349,637k). Of capital expenditure, € 18,483k involved intangible assets (2022/23: € 8,811k) (please see Note (11) "Intangible assets" in the consolidated financial statements), € 145,491k involved property, plant and equipment (2022/23: € 188,144k) (please see Note (12) "Property, plant and equipment, right-of-use assets, and investment property" in the consolidated financial statements), and € 72,815k involved right-of-use assets (2022/23: € 152,682k) (please see Note (12) "Property, plant and equipment, right-of-use assets, and investment property" in the consolidated financial statements). Total capital expenditure can be derived from the respective asset schedules in the consolidated financial statements and comprises the "Additions" line item. Of capital expenditure in the 2023/24 financial year, an amount of € 73k related to an acquisition in the context of business combinations (2022/23: € 10,505k).

The key performance indicators reported in the table on capital expenditure present taxonomy-eligible and taxonomy-aligned capital expenditure as a proportion of the Group's total relevant capital expenditure. A distinction has to be made between the three following categories of taxonomy-eligible or taxonomy-aligned capital expenditure:

- a) capital expenditure that relates to assets or processes that are associated with taxonomy-eligible or taxonomy-aligned economic activities (CapEx a))
- b) capital expenditure that forms part of a CapEx plan to expand taxonomy-eligible or taxonomy-aligned economic activities or to allow taxonomy-eligible economic activities to become taxonomy-aligned (CapEx b))
- c) capital expenditure that relates to the purchase of output from taxonomy-eligible or taxonomy-aligned economic activities and individual measures to reduce greenhouse gas emissions provided that such measures are implemented and operational within 18 months (CapEx c)).

Taxonomy-eligible capital expenditure

At the HORNBACH Group, taxonomy-eligible capital expenditure currently relates exclusively to the purchase of output from taxonomy-eligible economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions (CapEx c)) in connection with the “climate change mitigation” environmental objective. As a result, the multiple counting of individual items of capital expenditure can be excluded. The taxonomy-eligible capital expenditure of the HORNBACH Group is presented in summarized form in the table below:

Economic activities for the “climate change mitigation” environmental objective	Description of taxonomy-eligible capital expenditure
3.6. Manufacture of other low-carbon technologies	Purchase and long-term rental of electric forklift trucks
6.5. Transport by motorbikes, passenger cars and light commercial vehicles	Purchase and long-term rental of passenger cars and light commercial vehicles
6.6. Freight transport services by road	Purchase and long-term rental of freight transport vehicles
7.3. Installation, maintenance and repair of energy efficiency equipment	LED lighting Air conditioning systems
7.6. Installation, maintenance and repair of renewable energy technologies	Photovoltaics systems
7.7. Acquisition and ownership of buildings	Purchase, construction, and long-term rental of properties

In the 2023/24 financial year, the Group’s taxonomy-eligible capital expenditure amounted to € 94,285k. Of this total, € 29,071k related to property, plant and equipment pursuant to IAS 16, while € 65,214k involved leases pursuant to IFRS 16. Taxonomy-eligible capital expenditure mainly relates to additions from the purchase, construction, and long-term rental of buildings, including any associated individual measures, as well as to additions from the purchase or long-term rental of vehicles, including electric forklift trucks.

In connection with the construction of buildings, part of the capital expenditure made in the 2023/24 financial year cannot be reported as taxonomy-eligible capital expenditure as the underlying measures had not been completed within 18 months pursuant to the EU Taxonomy, as a result of which the definition of CapEx c) was not relevant (please see FAQ 11 from Commission Notice on the Interpretation of Certain Legal Provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the Reporting of Eligible Economic Activities and Assets (2022/C 385/01)). For these cases, CapEx plans will be compiled in future, thus facilitating reporting as CapEx b).

Taxonomy-aligned capital expenditure

The capital expenditure in category c) refers to the purchase of output from taxonomy-eligible or taxonomy-aligned economic activities and individual measures to reduce greenhouse gas emissions. HORNBACH classifies any products or services acquired that are named in an activity description as the purchase of output. In these cases, it is regularly necessary to provide evidence of the taxonomy alignment of the respective capital expenditure by involving the relevant supplier or manufacturer. In the 2023/24 financial year, HORNBACH identified taxonomy-eligible capital expenditure in connection with vehicles, photovoltaics systems, and properties that were reviewed in respect of their taxonomy alignment.

This review involved analyzing the technical screening criteria defined in the EU Taxonomy, namely substantial contribution to an environmental objective, do not significantly harm another environmental objective, and minimum safeguards.

For the taxonomy-eligible capital expenditure presented in the table above, a review of its taxonomy alignment was performed with due consideration of materiality perspectives.

The review of taxonomy alignment resulted in the identification for the first time of reportable taxonomy-aligned capital expenditure of € 661k (property, plant and equipment pursuant to IAS 16) for 3.6. "Manufacture of other low carbon technologies", € 3,434k (property, plant and equipment pursuant to IAS 16) for 7.6. "Installation, maintenance and repair of renewable energy technologies", and € 28,621k (leases pursuant to IFRS 16) for 7.7. "Acquisition and ownership of buildings".

3.5 Operational expenditure (OpEx)

The definition of operational expenditure in the EU Taxonomy covers only part of the expenses recognized in the income statement. It covers direct, non-capitalized costs that relate to research and development, building renovation measures, short-term leases, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the company or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

- The HORNBACH Group currently does not have any research or development activities.
- Short-term lease expenditures (as well as short-term, these include low-value leases pursuant to IFRS 16).
- Maintenance and repair expenditures as defined in the EU Taxonomy are recognized in all functional areas of the income statement. The same applies to expenses incurred to renovate existing buildings.
- Other expenditures relating to the day-to-day servicing of assets of property, plant and equipment particularly include maintenance expenditures and repairs.

In the 2023/24 financial year, total operational expenditure at the Group relevant in connection with the EU Taxonomy amounted to € 101,312k.

The key performance indicators reported in the table below on operational expenditure present taxonomy-eligible and taxonomy-aligned operational expenditure as a proportion of the Group's total relevant operational expenditure. By analogy with capital expenditure, a distinction has to be made here between three categories of taxonomy-eligible and taxonomy-aligned operational expenditure ((OpEx a), OpEx b), and OpEx c)). In allocating operational expenditure to taxonomy-eligible and taxonomy-aligned capital expenditure, reference is made to suitable allocation codes based, for example, on cost centers or the composition of the relevant assets.

Taxonomy-eligible operational expenditure

At the HORNBACH Group, taxonomy-eligible operational expenditure currently relates exclusively to the purchase of output from taxonomy-eligible economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions (OpEx c)) in connection with the "climate change mitigation" environmental objective. As a result, the multiple counting of individual items of operational expenditure can be excluded. The taxonomy-eligible operational expenditure of the HORNBACH Group is presented in summarized form in the table below:

Economic activities for the “climate change mitigation” environmental objective	Description of taxonomy-eligible operational expenditure
3.6. Manufacture of other low-carbon technologies	Maintenance expenditure in connection with electric forklift trucks
6.5. Transport by motorbikes, passenger cars and light commercial vehicles	Maintenance expenditure in connection with passenger cars and light commercial vehicles
6.6. Freight transport services by road	Maintenance expenditure in connection with freight transport vehicles
7.7. Acquisition and ownership of buildings	Maintenance and cleaning of buildings

In the 2023/24 financial year, the Group’s taxonomy-eligible operational expenditure amounted to € 79,316k and was thus slightly higher than the previous year’s figure.

Taxonomy-aligned operational expenditure

In the 2023/24 financial year, the HORNBACH Group identified taxonomy-eligible operational expenditure in connection with vehicles and properties that require review in respect of their taxonomy alignment. The assessment of the taxonomy alignment of operational expenditure is basically analogous to that performed for capital expenditure.

The analysis resulted in the identification for the first time of reportable taxonomy-aligned operational expenditure of € 27,302k in connection with 7.7. “Acquisition and ownership of buildings”.

3.6 Review of “do not significantly harm” (DNSH) criteria

One component of the taxonomy alignment review involves performing an evaluation to ensure that none of the activities and services identified significantly harms the achievement of other environmental objectives. To this end, the respectively relevant DNSH criteria have to be reviewed and satisfied for each economic activity. For the economy activity 3.6. “Manufacture of other low carbon technologies” within the climate change mitigation environmental objective, the relevant documentary evidence was obtained from the corresponding suppliers. For the economic activities 7.6. “Installation, maintenance and repair of renewable energy equipment” and 7.7. “Acquisition and ownership of buildings” in the climate change mitigation environmental objective, it was only necessary to satisfy the DNSH criterion for climate change adaptation.

In order to satisfy the DNSH criterion of “climate change adaptation”, climate risk analyses were performed for the HORNBACH DIY stores and garden centers. The query was handled using a climate risk tool to present the risks based on the stipulated climate scenarios (RCP 2.6, RCP 4.5, RCP 7.0, and RCP 8.5) although, according to the United Nations assessment, Scenario 4.5 (moderate temperature increase) is the most likely scenario given current national contributions to climate protection. Based on the climate risk analyses performed, no material risk for which the EU Taxonomy would require an immediate adaptation plan was identified for any of the relevant climate hazards. Furthermore, risks for the end of the current century were identified (e.g. forecast reduction in precipitation in Central and South-Eastern Europe). On this basis, measures and investigations are being derived for new location developments and replacement locations (including rainwater recovery, soil diversity areas, green roofs, cisterns). As a result of the climate risk analyses, existing climate risks already applicable today were identified, and here in particular “cold stress”. However, no additional adaptation measures have been derived, as these risks are already reflected in the current qualities and fittings of the buildings. The real estate portfolio is reviewed at regular intervals to ascertain any need for action or adaptation. Measures identified are implemented where necessary. The HORNBACH Group is pursuing further developments based on the climate reports of the United Nations and adapting its approach as appropriate.

3.7 Minimum safeguards

Minimum safeguards involve the implementation of procedures to ensure alignment with the following sets of rules and principles:

- OECD Guidelines for Multinational Enterprises
- UN Guiding Principles on Business and Human Rights
- Declaration of the International Labour Organization on Fundamental Principles and Rights at Work
- International Bill of Human Rights.

There are currently no legally binding application instructions concerning compliance with minimum safeguards. In view of this, HORNBACH has taken due account of the instructions contained in the "Final Report on Minimum Safeguards" of the Platform on Sustainable Finance (PSF), which was published in October 2022. For minimum safeguard requirements, this formulates four pertinent core topics:

- Human rights (including labor and consumer rights)
- Bribery, bribe solicitation and extortion
- Taxation
- Fair competition.

In accordance with the framework selected above, the review as to whether the company complies with minimum safeguards in respect of these four topics is to be performed using a two-dimensional approach. Alongside (1.) the existence of appropriate due diligence procedures to safeguard compliance with the relevant requirements (process dimension), there may be (2.) no indications that the company has violated minimum standards in respect of any of the four core topics (results dimension). Any such violation would indicate the inadequate effectiveness of the processes in place. This would particularly be the case if a violation of one of the four topics were to be established by a court or if a company were to reject involvement in the mechanisms of stakeholder dialog.

Overall, our systems and processes contribute to compliance with the frameworks stipulated in Article 18 of the Taxonomy Regulation. They are regularly reviewed in terms of their appropriateness and effectiveness and subject to continuous further development. This safeguards process compliance at HORNBACH with minimum social standards in the fields of human rights, including labor and consumer rights, bribery and corruption, taxation, and fair competition.

3.8 Explanatory comments on disclosure tables

To disclose the key performance indicators (KPIs) pursuant to the Taxonomy Regulation, we use the templates stipulated in the annexes to Delegated Regulation (EU) 2021/2178 on taxonomy reporting (status: 6.27.2023, published in the EU Official Journal on November 21, 2023; cf. Delegated Regulation (EU) 2023/2486).

Abbreviations in columns 5-10:

- Y - Yes, taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective
- N - No, taxonomy-eligible but not taxonomy-aligned activity with the relevant environmental objective
- N/EL - Taxonomy-non-eligible activity for the relevant objective
- EL - Taxonomy-eligible activity for the relevant objective

Turnover in 2023/24 financial year Economic activities (1)	2023			Substantial contribution criteria						DNSH criteria ("does not significantly harm")							Proportion of taxonomy-aligned (A.1) or taxonomy-eligible (A.2) turnover 2022/23 (18)	Category enabling activity (19)	Category transitional activity (20)
	Code (2)	Turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Circular economy (14)	Pollution (15)	Biodiversity (16)	Minimum safeguards (17)			
		€ 000s	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Yes/ No	Yes/ No	Yes/ No	Yes/ No	Yes/ No	Yes/ No	Yes/ No	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A-1. Environmentally sustainable activities (taxonomy-aligned)																			
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		**0.0**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	-	-	-	-	-	-	-	**0.0%**		
of which enabling		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	-	-	-	0.0%	E	
of which transitional		0.0	0.0%	0.0%						-	-	-	-	-	-	-	0.0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	30,203	0.5%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.5%		
Sale of spare parts	CE 5.2	15,067	0.2%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								-		
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		**45,270**	**0.7%**	**0.5%**	**0.0%**	**0.0%**	**0.2%**	**0.0%**	**0.0%**								**0.5%**		
A. Turnover of taxonomy-eligible activities (A.1 + A.2)		**45,270**	**0.7%**	**0.5%**	**0.0%**	**0.0%**	**0.2%**	**0.0%**	**0.0%**								**0.5%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of taxonomy-non-eligible activities (B)		6,115,616	99.3%																
Total (A + B)		**6,160,886**	**100.0%**																

CapEx in 2023/24 financial year Economic activities (1)	2023			Substantial contribution criteria						DNSH criteria ("does not significantly harm")									
	Code (2)	CapEx (3) € 000s	Proportion of CapEx (4) %	Climate change mitigation (5) Y; N; N/EL	Climate change adaptation (6) Y; N; N/EL	Water (7) Y; N; N/EL	Pollution (8) Y; N; N/EL	Circular economy (9) Y; N; N/EL	Biodiversity (10) Y; N; N/EL	Climate change mitigation (11) Yes/ No	Climate change adaptation (12) Yes/ No	Water (13) Yes/ No	Circular economy (14) Yes/ No	Pollution (15) Yes/ No	Biodiversity (16) Yes/ No	Minimum safeguards (17) Yes/ No	Proportion of Taxonomy-aligned (A.1) or taxonomy-eligible (A.2) CapEx, 2022/23 (18) %	Category enabling activity (19) E	Category transitional activity (20) T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A-1. Environmentally sustainable activities (taxonomy-aligned)																			
Manufacture of other low carbon technologies	CCM 3.6	661.0	0.3%	Y	N	N/EL	N/EL	N/EL	N/EL	-	Yes	Yes	Yes	Yes	Yes	Yes	0.0%	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	3,434.3	1.5%	Y	N	N/EL	N/EL	N/EL	N/EL	-	Yes	Yes	Yes	Yes	Yes	Yes	0.0%	E	
Acquisition and ownership of buildings	CCM 7.7	28,621.5	12.1%	YJ	N	N/EL	N/EL	N/EL	N/EL	-	Yes	Yes	Yes	Yes	Yes	Yes	0.0%		
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		**32,716.8**	**13.8%**	**13.8%**	**0.0%**	**0.0%**	**0.0%**	**0.0.%**	**0.0%**	-	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**0.0%**		
of which enabling activities		4,095.3	1.7%	1.7%	0.0%	0.0%	0.0%	0.0%	0.0%	-	Yes	Yes	Yes	Yes	Yes	Yes	0.0%	E	
of which transitional activities		0.0	0.0%	0.0%						-	-	-	-	-	-	-	0.0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of other low carbon technologies	CCM 3.6	9,818.4	4.1%	EL	EL	N/EL	N/EL	N/EL	N/EL								2.1%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	8,678.9	3.7%	EL	EL	N/EL	N/EL	N/EL	N/EL								1.9%		
Freight transport services by road	CCM 6.6	4,819.6	2.0%	EL	EL	N/EL	N/EL	N/EL	N/EL								2.2%		
Installation, maintenance and repair of renewable energy efficiency equipment	CCM 7.3	2,069.4	0.9%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.9%		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0.0	0.0%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.7%		
Acquisition and ownership of buildings	CCM 7.7	36,181.8	15.3%	EL	EL	N/EL	N/EL	N/EL	N/EL								40.6%		
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		**61,568.1**	26.0%	**26.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**48.3%**		
A. CapEx of taxonomy-eligible activities (A.1 + A.2)		**94,284.9**	**39.8%**	**39.8%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**48.3%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of taxonomy-non-eligible activities (B)		142.505,2	60.2%																
Total (A + B)		**236,790.1**	**100.0%**																

OpEx in 2023/24 financial year Economic activities (1)	2023 Code (2)	OpEx (3) € 000s	Proportion of OpEx (4) %	Substantial contribution criteria Climate change mitigation (5) Y; N; N/EL	Climate change adaptation (6) Y; N; N/EL	Water (7) Y; N; N/EL	Pollution (8) Y; N; N/EL	Circular economy (9) Y; N; N/EL	Biodiversity (10) Y; N; N/EL	DNSH criteria ("does not significantly harm") Climate change mitigation (11) Yes/No	Climate change adaptation (12) Yes/No	Water (13) Yes/No	Circular economy (14) Yes/No	Pollution (15) Yes/No	Biodiversity (16) Yes/No	Minimum safeguards (17) Yes/No	Proportion of taxonomy-aligned (A.1) or taxonomy-eligible (A.2) OpEx, 2022/23 (18) %	Category enabling activity (19) E	Category transitional activity (20) T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A-1. Environmentally sustainable activities (taxonomy-aligned)																			
Acquisition and ownership of buildings	CCM 7.7	27,302.2	26.9%	Y	N	N/EL	N/EL	N/EL	N/EL	-	Yes	Yes	Yes	Yes	Yes	Yes	0.0%		
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		**27,302.2**	**26.9%**	**26.9%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	-	-	-	-	-	-	-	**0.0%**		
of which enabling activities		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	-	-	-	0.0%	E	
of which transitional activities		0.0	0.0%	0.0%						-	-	-	-	-	-	-	0.0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of other low carbon technologies	CCM 3.6	5,455.0	5.4%	EL	EL	N/EL	N/EL	N/EL	N/EL								5.1%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	2,085.0	2.1%	EL	EL	N/EL	N/EL	N/EL	N/EL								1.9%		
Freight transport services by road	CCM 6.6	1,685.	1.7%	EL	EL	N/EL	N/EL	N/EL	N/EL								1.5%		
Acquisition and ownership of buildings	CCM 7.7	42,788.4	42.2%	EL	EL	N/EL	N/EL	N/EL	N/EL								65.6%		
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		**52,013.8**	**51.3%**	**51.3%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**74.2%**		
A. OpEx of taxonomy-eligible activities (A.1 + A.2)		**79,315.9**	**78.3%**	**78.3%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**74.2%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of taxonomy-non-eligible activities (B)		21,995.9	21.7%																
Total (A + B)		**101,311.9**	**100.0%**																

Tabelle gemäß Fußnote (c) des Delegierten Rechtsakts 2023/2486 Annex V		
	Umsatzanteil / Gesamtumsatz	
	Taxonomiekonform je Ziel	Taxonomiefähig je Ziel
CCM	0,0 %	0,5 %
CCA	0,0 %	0,0 %
WTR	0,0 %	0,0 %
CE	0,0 %	0,2 %
PPC	0,0 %	0,0 %
BIO	0,0 %	0,0 %

Tabelle gemäß Fußnote (c) des Delegierten Rechtsakts 2023/2486 Annex V		
	CapEx - Anteill / Gesamt CapEx	
	Taxonomiekonform je Ziel	Taxonomiefähig je Ziel
CCM	13,8 %	39,8 %
CCA	0,0 %	0,0 %
WTR	0,0 %	0,0 %
CE	0,0 %	0,0 %
PPC	0,0 %	0,0 %
BIO	0,0 %	0,0 %

Tabelle gemäß Fußnote (c) des Delegierten Rechtsakts 2023/2486 Annex V		
	OpEx - Anteill / Gesamt OpEx	
	Taxonomiekonform je Ziel	Taxonomiefähig je Ziel
CCM	26,9 %	78,3 %
CCA	0,0 %	0,0 %
WTR	0,0 %	0,0 %
CE	0,0 %	0,0 %
PPC	0,0 %	0,0 %
BIO	0,0 %	0,0 %

In den oben dargestellten Offenlegungstabellen verwenden wir folgende Abkürzungen für die sechs Umweltziele:

- Klimaschutz: CCM (Climate Change Mitigation)
- Anpassung an den Klimawandel: CCA (Climate Change Adaption)
- Umweltverschmutzung: PPC (Pollution Prevention and Control)
- Wasser- und Meeresressourcen: WTR (Water and Marine Resources)
- Kreislaufwirtschaft: CE (Circular Economy)
- Biologische Vielfalt und Ökosysteme: BIO (Biodiversity and Ecosystems)

Neustadt an der Weinstrasse, May 15, 2024

HORNBACH Holding AG & Co. KGaA
represented by its General Partner HORNBACH Management AG,
represented by its Board of Management

Albrecht Hornbach Karin Dohm Erich Harsch

LIMITED AND REASONABLE ASSURANCE REPORT OF THE INDEPENDENT PRACTITIONER REGARDING THE CONSOLIDATED NON-FINANCIAL REPORT FOR THE FINANCIAL YEAR FROM 1 MARCH 2023 TO 29 FEBRUARY 2024

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

Our Engagement

We have performed a limited and reasonable assurance engagement on the separate non-financial group report of HORNBACH Holding AG & Co. KGaA, Neustadt an der Weinstraße, (hereafter referred to as "the Company") for the financial year from 1 March 2023 to 29 February 2024 (hereafter referred to as "non-financial reporting"). In accordance with our engagement, we have performed a reasonable assurance engagement on the disclosures on "customer satisfaction", "labeling sustainable articles", "diversity", "employee satisfaction" and "reduction in Scope 1 and 2 CO2 emissions" marked with the symbol [√] that are presented individually in the non-financial reporting and have performed a limited assurance engagement on all other disclosures contained in the non-financial reporting.

Our assurance engagement did not cover the references to websites contained in the non-financial reporting, including their contents, which are referenced in the non-financial reporting.

Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the non-financial reporting in accordance with the requirements of Section 315c in conjunction with Sections 289c to 289e German Commercial Code (HGB) and Article 8 of Regulation (EU) 2020/852 of the European Parliament and the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (hereafter referred to as "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in the section "EU Taxonomy" of the non-financial reporting.

These responsibilities of the executive directors of the Company include the selection and application of appropriate methods regarding the non-financial reporting and the use of assumptions and estimates for individual non-financial disclosures of the Group which are reasonable under the given circumstances. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of a non-financial reporting that is free from material misstatement, whether due to fraud (fraudulent non-financial reporting) or error.

The EU Taxonomy Regulation and the Delegated Acts adopted thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in the section "EU Taxonomy" of the non-financial reporting. They are responsible for the reasonableness of this interpretation. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties. The preciseness and completeness of the environmental data in the non-financial reporting is subject to inherent existing limitations associated with the manner in which the data was collected and calculated as well as assumptions made.

Independence and Quality Assurance of the Independent Practitioner's Firm

We have complied with the German professional requirements on independence as well as other professional rules of conduct.

Our firm applies the national legal requirements and professional pronouncements, in particular the Professional Charter for German Public Auditors and German Sworn Auditors (BS WP/vBP) and the IDW Quality Management Standards issued by the Institute of Public Auditors in Germany (IDW), and accordingly maintains a comprehensive quality management system that includes documented policies and procedures with regard to compliance with professional rules of conduct, professional standards as well as relevant statutory and other legal requirements.

Responsibilities of the Independent Practitioner

Our responsibility is to express a conclusion with reasonable assurance on individual disclosures on "customer satisfaction", "labeling sustainable articles", "diversity", "employee satisfaction" and "reduction in Scope 1 and 2 CO2 emissions" marked with the symbol [√] that are presented in the non-financial reporting, and a conclusion with limited assurance on all other disclosures contained in the non-financial reporting. In each case, our conclusion is based on our work performed within our assurance engagement.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", issued by the IAASB. This standard requires that we plan and perform the assurance engagement so that we

- can conclude with reasonable assurance whether the individual disclosures marked with the symbol [√] presented in the non-financial reporting for the period from 1 March 2023 to 29 February 2024 have been presented, in all material respects, in accordance with Section 315c in conjunction with Sections 289c to 289e HGB by the executive directors; this does not mean that a separate conclusion is expressed on each of the disclosures; and
- can conclude with limited assurance whether matters have come to our attention that cause us to believe that all other disclosures contained in the non-financial reporting, except the websites referenced in the non-financial reporting, including their contents, have not been prepared, in all material respects, in accordance with Section 315c in conjunction with Sections 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts adopted thereunder as well as the interpretation by the executive directors disclosed in the section "EU Taxonomy" of the non-financial reporting.

The procedures performed in the limited assurance part of our engagement are less in extent than for a reasonable assurance engagement; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The choice of assurance work is subject to the practitioner's professional judgement.

Within the scope of our assurance engagement, which we performed primarily between December 2023 and May 2024, we notably performed the following procedures and other work:

- Obtaining an understanding of the structure of the Group's sustainability organisation and of the stakeholder engagement,
- Inquiries of the executive directors and relevant employees involved in the preparation process about the preparation process, about the internal control system related to this process and about disclosures in the non-financial reporting,
- Identification of likely risks of material misstatements in the non-financial reporting,
- Analytical evaluation of selected disclosures in the non-financial reporting,
- Reconciliation of selected disclosures with the corresponding data in the consolidated financial statements and combined management report,
- Assessment of the presentation of the non-financial statement reporting,
- Assessment of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the non-financial reporting.

In the course of our reasonable assurance engagement part on the disclosures made in the Company's non-financial reporting, we have performed the following assurance procedures and other activities in addition to those described above:

- Assessment of the concept and implementation of the systems and processes for determining, processing and monitoring the disclosures,
- Assessment of the risks,
- Tests of details on the basis of samples.

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Practitioner's Conclusion

In our view, the individual disclosures on "customer satisfaction", "labeling sustainable articles", "diversity", "employee satisfaction" and "reduction in Scope 1 and 2 CO2 emissions" marked with the symbol [√] that are presented in the separate non-financial group report for the period from 1 March 2023 to 29 February 2024 have been presented, in all material respects, in accordance with Section 315c in conjunction with Sections 289c to 289e HGB by the executive directors.

Based on the work performed and the evidence obtained, nothing has come to our attention that causes us to believe that, regarding the disclosures not subject to the reasonable assurance engagement, the separate non-financial group report of the Company for the financial year from 1 March 2023 to 29 February 2024 has not been prepared, in all material respects, in accordance with Section 315c in conjunction with Sections 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as well as with the interpretation by the executive directors presented in the section "EU Taxonomy" of the non-financial reporting.

We do not express a conclusion on the references to websites contained in the non-financial reporting, including their contents.

Restriction of Use

We issue this report as stipulated in the engagement letter agreed with the Company (including the “General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)” of 1 January 2024 of the Institute of Public Auditors in Germany). We draw attention to the fact that the assurance engagement was conducted for the Company’s purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it.

Our responsibility is to the Company alone. We assume no responsibility with regard to any third parties. Our conclusion is not modified in this respect.

Düsseldorf/Germany, 15 May 2024

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed:
Patrick Wendlandt
Wirtschaftsprüfer
(German Public Auditor)
Neustadt an der Weinstraße, 15. Mai 2024

Signed:
Sebastian Dingel

COMBINED MANAGEMENT REPORT

Group Fundamentals

1. The Group at a Glance

€ 6.2 bn
consolidated sales

HORNBACH Holding AG & Co. KGaA is the parent company of the HORNBACH Group. It does not have any operations itself, but rather has subsidiaries. The largest operating Subgroup is HORNBACH Baumarkt AG, at which the European do-it-yourself (DIY) business with DIY stores and garden centers and DIY online retail are pooled. The HORNBACH Group also comprises two further Subgroups – HORNBACH Baustoff Union GmbH (regional builders' merchants) and HORNBACH Immobilien AG (real estate and location development). At the balance sheet date on February 29, 2024, the Group had a total of 24,783 employees, of which 13,440 in Germany. In the 2023/24 financial year (March 1, 2023 to February 29, 2024), the HORNBACH Group generated net sales of around € 6.2 billion. The HORNBACH Group was founded in 1877 and is still family-managed, now in the fifth generation.

The partnership limited by shares (KGaA) is publicly listed on the Regulated Market at Frankfurt Stock Exchange. Its share capital is divided into 16 million no-par ordinary bearer shares with voting rights. Ordinary shares in the KGaA (ISIN DE0006083405) are listed in the Prime Standard and the select SDAX index of the German Stock Exchange. Pursuant to the Articles of Association, the General Partner of HORNBACH Holding AG & Co. KGaA is HORNBACH Management AG, represented by its Board of Management, which currently comprises three members. The Board of Management of the General Partner manages HORNBACH Holding AG & Co. KGaA and represents this to third parties. Hornbach Familien-Treuhandgesellschaft mbH owns all the shares in the General Partner of HORNBACH Holding AG & Co. KGaA.

Notes to Consolidated Financial Statements
Consolidated shareholdings

The diagram on the following page presents the current Group structure and provides an overview of the most important shareholdings of HORNBACH Holding AG & Co. KGaA. Full details about the scope of consolidation and consolidated shareholdings are provided in the notes to the consolidated financial statements.

In the 2023/24 financial year, HORNBACH Holding AG & Co. KGaA increased its shareholding in HORNBACH Baumarkt AG from 92.15% to 93.68%.

1.1 HORNBACH Baumarkt AG Subgroup

171
locations across Europe

At the balance sheet date on February 29, 2024, the HORNBACH Baumarkt AG Subgroup operated 169 DIY megastores with garden centers and HORNBACH online shops in nine European countries. Furthermore, HORNBACH operates two specialist hard flooring stores under the management of BODENHAUS GmbH and a BODENHAUS online shop in Germany. 98 locations are in Germany. A further 73 stores are located in the following other European countries: the Netherlands (18), Austria (14), the Czech Republic (10), Romania (9), Switzerland (8), Sweden (8), Slovakia (5), and Luxembourg (1). The Subgroup generated sales of € 5,780 million (around 94% of consolidated sales) in the 2023/24 financial year.

1.2 HORNBACH Baustoff Union GmbH Subgroup

38
builders' merchant outlets

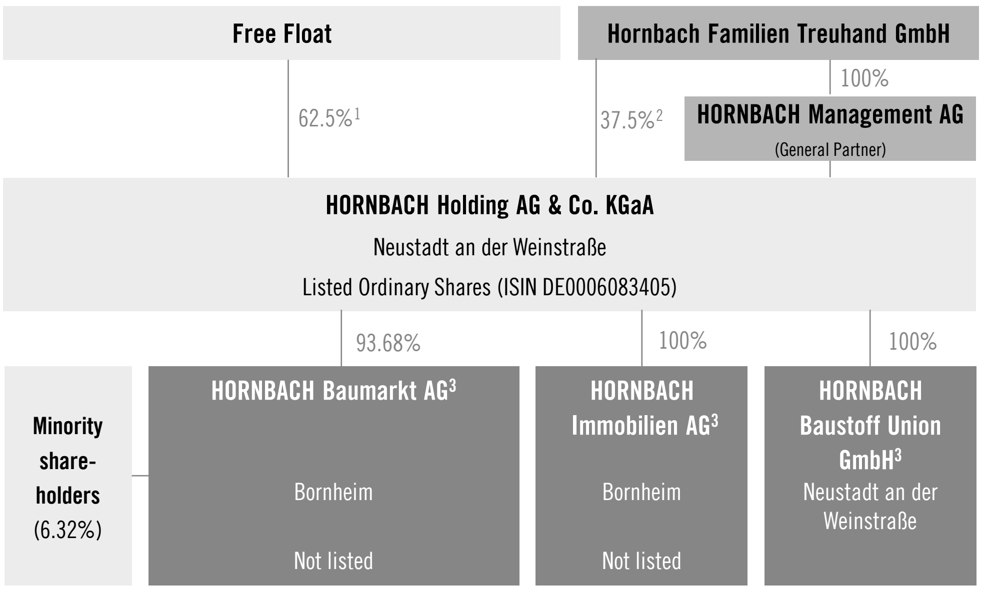
With its operating subsidiaries Union Bauzentrum Hornbach GmbH, Ruhland-Kallenborn & Co. GmbH, Robert Röhlinger GmbH, and Ets. Camillie Holtz et Cie. SA, HORNBACH Baustoff Union GmbH (HBU Group) is active in the regional builders' merchant business. At the balance sheet date on February 29, 2024, it operated a total of 38 locations, of which 36 in south-western Germany and two close to the border in

France. This Subgroup generated sales of € 381 million in the 2023/24 financial year (around 6% of consolidated sales).

1.3 HORNBACH Immobilien AG Subgroup

The HORNBACH Immobilien AG Subgroup mainly develops retail properties for the operating companies in the HORNBACH Holding AG & Co. KGaA Group. The overwhelming share of these properties are let within the Group on customary market terms. Of the rental income of € 89.1 million in the 2023/24 financial year, 98% resulted from the letting of properties within the overall Group.

Group structure and shareholders of HORNBACH Holding AG & Co. KGaA
Status: February 29, 2024



1) including ordinary shares held by members of the Hornbach family.
2) including ordinary shares held by members of the Hornbach family whose voting rights are executed by Hornbach Familien-Treuhandgesellschaft mbH.
3) Additional subsidiaries in Germany and abroad according to the complete overview in the notes to the financial statements.

2. Group Business Model

2.1 Retail activities

The business model is predominantly shaped by the retail activities at the **HORNBACH Baumarkt AG Subgroup** (hereinafter "HORNBACH"). HORNBACH operates DIY megastores with garden centers – mostly with sales areas in excess of 10,000 m² – in major regional catchment areas. The homogenous portfolio of locations resulting from organic growth in Germany and abroad enables HORNBACH to benefit from economies of scales in its operations and conceptual store enhancement measures, as well as in Group logistics. With weighted total sales areas (as defined by BHB sector association) of 2,051 thousand m² as of February 29, 2024, the average HORNBACH DIY store with a garden center is around 12,000 m² in size. In all countries in which it operates, HORNBACH combines its stationary retail business with online shops (e-commerce) to act as a multichannel DIY retailer. The extensive virtual offering enables all customers to select and buy products and to obtain advice around the clock. Thanks to the dovetailing of online services with stationary retail (interconnected retail), customers can move smoothly between channels.

286,000
articles available at online shop

HORNBACH's product range encompasses an average of around 50,000 articles in stock at its stationary stores and up to 286,000 articles available online. Products are available in five divisions:

- Hardware / Electrical
- Paint / Wallpaper / Flooring
- Construction Materials / Timber / Prefabricated Components
- Sanitary / Tiles
- Garden Hardware and Plants.

Since October 2023, HORNBACH has operated an online marketplace that is integrated into the online shop and the HORNBACH app. This marketplace supplements HORNBACH's product range with further DIY products from select third-party providers.

HORNBACH has an absolute focus on project customers. On the one hand, these are home improvement enthusiasts wishing to implement extensive renovation and construction projects under their own steam in their houses, apartments, or gardens (do-it-yourself). On the other hand, they are commercial customers and tradespeople who see to all aspects of implementing projects, including all services, for their customers (do-it-for-me). All of the company's stationary and online activities are tailored to these target groups. In particular, HORNBACH offers its customers a broad and deep product range that is stocked in sufficiently large quantities, transparent permanently low prices, and advice and project-related services. These particularly include HORNBACH's trade service, which enables customers to have large numbers of trade jobs performed by professional trade companies from the region with HORNBACH as the contractual partner. This trade service is supplemented by the services offered by Seniovo GmbH, a startup specializing in barrier-free bathroom conversion work that has formed part of the HORNBACH Baumarkt AG Group since December 1, 2023.

With a very broad selection of tiles, parquets, laminates, vinyl, and decking, the BODENHAUS specialist retail concept chiefly targets professional tradespeople, but is also aimed at private consumers wishing to lay floors themselves or have them laid. Unlike at traditional specialist retailers, at BODENHAUS nearly all products are directly available in large quantities or can be reserved or ordered via the online shop. The concept is enriched with various additional services, such as delivery of the material to the construction site, a proprietary design center, and rubble disposal.

The Group's retail activities are supplemented by its regional activities in the builders' merchant business which are pooled at the **HORNBACH Baustoff Union GmbH Subgroup**. This enables the HORNBACH Group to benefit from the growth potential in the construction industry. Its main target group involves professional customers in the main and secondary construction trades. HORNBACH Baustoff Union offers these customers construction materials and tools, which are both stocked and supplied, services, and professional advice for all major product ranges and lines of trades. Products range from shell construction to roofing, from interior fittings to facades, and from civil engineering through to garden and landscape construction, with all products being offered for new construction, conversion, or refurbishment projects. Furthermore, with its construction materials, services, and advice HORNBACH Baustoff Union also addresses private clients.

2.2 Real estate activities

The HORNBACH Group has an extensive real estate portfolio. This chiefly consists of retail properties at HORNBACH Baumarkt AG that are used as DIY stores with garden centers. Based on sales areas, ownership was structured as follows at the balance sheet date on February 29, 2024:

	No. of stores	Sales area m^2	Share %
Property owned			
HORNBACH Baumarkt AG Subgroup	60	727,320	35.5
HORNBACH Immobilien AG Subgroup	44	534,997	26.1
Subtotal of property owned	**104**	**1,262,317**	**61.6**
Land rented, buildings owned	3	29,906	1.4
Lease (rent)	64	758,957	37.0
Total	**171**	**2,051,180**	**100.0**

(Differences due to rounding up or down)

61.6%
of sales areas in Group ownership

The HORNBACH Group has an overriding strategy of ensuring that – measured in terms of sales areas and also accounting for potential sale and leasebacks – it owns at least half of the real estate used for operating purposes. This share amounted to 61.6% at the balance sheet date on February 29, 2024 (2022/23: 61.0%). The remaining total of around 38.4% of sales areas are rented from third parties (2022/23: 39.0%). In individual cases (1.4%; 2022/23: 2.0%), only the land has been leased. In addition, HORNBACH Immobilien AG and HORNBACH Baumarkt AG both hold a number of purchase options entitling them to acquire further land at first-class locations in Germany and abroad. Moreover, Group companies already own pieces of land in Germany and abroad which are also earmarked for use as retail locations.

The location development specialists and the employees responsible for planning and execution the construction of new stores, as well as their fittings, are employed at the HORNBACH Baumarkt AG Subgroup and also work on behalf of the associate HORNBACH Immobilien AG.

2.3 Reporting segments

The allocation of segments corresponds to the internal reporting system used by the management of the HORNBACH Holding AG & Co. KGaA Group for managing the company ("management approach"). This results in the following segments: "HORNBACH Baumarkt AG Subgroup", "HORNBACH Immobilien AG Subgroup", and "HORNBACH Baustoff Union GmbH Subgroup". Administration and consolidation items not attributable to individual segments are shown in the segment report in the columns "Central Functions" and "Consolidation".

3. Management System

HORNBACH prepares its financial reporting in accordance with International Financial Reporting Standards (IFRS). As well as the financial key figures pursuant to IFRS, in our management of the company and our external communications and reporting reference is also made to alternative key performance indicators that are not defined in IFRS. Since the 2023/24 financial year, 25% of the multiyear variable remuneration paid to the Board of Management of HORNBACH Management AG has been based on ESG (Environment, Social, Governance) key figures. These serve to guide the company's medium-term management and do not form part of its financial guidance. The key figures outlined below are used to manage the HORNBACH Holding AG & Co. KGaA Group. HORNBACH Holding AG & Co. KGaA is managed by reference to the income from investments key figure.

3.1 Key management figures relevant for financial guidance

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.

3.2 Further key performance indicators

3.2.1 Key performance indicators for earnings position

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 HORNBACH's 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 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.
Value spread	HORNBACH aims to generate a positive **value spread** (ROCE premium over WACC) – expressed as the return on capital employed (ROCE) less weighted average cost of capital (WACC). The ROCE is calculated by dividing operating earnings less allocable taxes (Nopat = Net operating profit after Tax) by capital employed. Here, capital employed is defined as equity plus financial debt less cash and cash equivalents. The WACC expresses the level of return required to cover the costs of capital employed as a percentage, taking due account of the weighting of equity and debt capital. This capital cost rate is usually determined by reference to data available on the market for comparable companies (peer group) and their equity and debt capital structures. Furthermore, country-specific risk premiums are also included. For the purpose of measuring target achievement, an average WACC is determined by weighting the country-specific WACCs and their respective segment share of the Group's total assets. The aim is to generate a return that is in line with the market. The value spread is a major key figure referred to when calculating the multiyear variable remuneration for members of the Board of Management.

3.2.2 Key performance indicators for financial and asset position

Equity ratio

The **equity ratio** is calculated by dividing shareholders' equity as posted in the balance sheet by 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). The debt ratio is determined by stating net financial debt as a proportion of EBITDA.

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.

Inventory turnover rate

For retail companies, the **inventory turnover rate** is an important indicator of merchandising efficiency. The inventory turnover is defined as the ratio of cost of goods sold to average inventories. The arithmetic mean of the period opening and period closing balances is taken as the average volume of inventories. The higher the inventory turnover rate, the lower the inventories and thus the volume of liquidity committed.

3.2.3 ESG key figures

Sustainability labeling

HORNBACH is developing a label to indicate those articles in its listed stock range that offer significant sustainability benefits compared with alternatives in terms of their production, logistics, and/or application. They key figure denotes the share of articles in the listed stock range, expressed as a percentage, that have been investigated in terms of their sustainability benefits and, where applicable, designated with the label developed at the Group for this purpose.

CO_{2e} emissions

HORNBACH has defined targets to reduce its emissions harmful to the climate (CO_{2e}) in the GHG (Greenhouse Gas) categories in Scope 1 and Scope 2 in line with the 1.5-degree target. The emissions resulting from proprietary business operations (Scope 1) and from procuring energy (Scope 2) are calculated as CO_2 equivalents (CO_{2e}) in accordance with the Greenhouse Gas Protocol.

Employee satisfaction

To indicate the level of satisfaction among HORNBACH employees, the personnel turnover rate among employees is calculated. This is defined as employment terminations (initiated by the employees or the employer) as a proportion of the average number of employees in the financial year (excluding non-permanent employment relationships).

Diversity

While accounting for and respecting existing employment contracts, HORNBACH aims to significantly increase diversity in the two management levels below the Board of Management. In this respect, diversity is measured as the share of women managers in the two management levels below the Board of Management.

Customer satisfaction

HORNBACH aims to satisfy the needs of its customers as well as possible. To measure customer satisfaction, HORNBACH also refers to independent external studies conducted by prestigious institutes. The key figure referred to is the average score, weighted by sales, for the past four years in the "Kundenmonitor" survey conducted in Germany, Austria, and Switzerland. These surveys provide an overall score on a scale of 1 (extremely/perfectly satisfied) to 5 (unsatisfied).

Business Report

1. Macroeconomic and Sector-Specific Framework

1.1 Business framework in Europe

Against a backdrop of rising living costs, weak international demand, and tighter monetary policies, the European economy lost momentum in 2023. Furthermore, the ongoing war in Ukraine and the escalation in the Middle East conflicts created greater uncertainty. Attacks on commercial ships in the Suez Canal impaired global trade and led transport costs for imports from Asia to rise since the start of 2024.

Table
GDP growth rates and inflation

As in 2022 already, central banks in Europe and the US reacted to persistently high inflation rates by raising interest rates further. The European Central Bank increased the main refinancing rate from 3.0% at the beginning of the financial year to 4.5% most recently (9.20.2023). Given the decline in inflation rates in the second half of the year and expectations that interest rates will be lowered again, current yields on the capital markets nevertheless stabilized as the year progressed.

Based on figures released by the European Union statistics authority (Eurostat), the European economy as a whole (EU 27) showed only slight growth of 0.4% in the 2023 calendar year (2022: +3.4%). Economic growth slowed significantly compared with the previous year in all nine of the European countries in which HORNBACH operates, and was negative in some cases. Private consumer spending contracted by 0.3% (2022: +4.0%). By contrast, inflation showed positive developments. The average inflation rate (HICP) stood at 6.4% in the EU 27 countries in the 2023 calendar year (2022: 9.2%). Inflation rates in the countries in which HORNBACH operates varied widely from 2.3% in Switzerland (2022: 2.7%) to 12.0% in the Czech Republic (2022: 14.8%).

Output in the EU 27 construction sector showed below-average growth of +0.1% in 2023 (2022: +2.6%), with very wide variations here too between individual countries in which HORNBACH operates. Construction output fell in Germany, Luxembourg, Austria, Sweden, Switzerland, and the Czech Republic, while the Netherlands, Romania, and Slovakia reported higher construction output.

Non-food retail volumes (excluding motor fuels) decreased by 0.6% in the EU 27 countries in 2023 (2022: +2.6%). For the countries in which HORNBACH operates, non-food retail volumes fell in Germany, the Netherlands, Austria, the Czech Republic, Slovakia, and Sweden but grew in Romania and Luxembourg. According to figures released by the GfK consumer research association for the 2023 calendar year, nominal gross sales in the do-it-yourself (DIY) retail sector fell by 3.1% in Germany (2022: +7.8%), by 3.2% in Austria (2022: +4.2%), by 5.9% in the Czech Republic (2022: +10.4%), and by 4.9% in Switzerland (2022: -5.2%). In the Netherlands, nominal gross DIY sales grew by 4.4% (2022: +13.6%). No GfK data is available for the other countries in which HORNBACH operates.

GDP growth rates and inflation in countries with HORNBACH DIY stores and garden centers

	Percentage change on previous year's quarter or previous year					Inflation (HCPI)[1]
Source: Eurostat (calendar year figures)	1st Quarter 2023	2nd Quarter 2023	3rd Quarter 2023	4th Quarter 2023	Calendar Year 2023	Calendar Year 2023
Germany	**(0.1)**	**0.1**	**(0.3)**	**(0.2)**	**(0.3)**	**6.0**
Austria	1.8	(1.5)	(1.7)	(1.4)	(0.8)	7.7
Czech Republic	(0.2)	(0.1)	(0.6)	(0.2)	(0.3)	12.0
Luxembourg	(1.3)	(0.5)	(2.1)	(0.6)	(1.1)	2.9
Netherlands	2.0	(0.1)	(0.5)	(0.7)	0.1	4.1
Romania	1.0	2.9	3.5	1.1	2.1	9.7
Slovakia	0.9	1.3	1.2	1.3	1.1	11.0
Sweden	1.4	(0.2)	(1.0)	(0.1)	(0.2)	5.9
Switzerland	1.5	0.4	0.4	0.6	0.7	2.3
EU27	**1.2**	**0.6**	**0.1**	**0.2**	**0.4**	**6.4**

[1] Harmonized consumer price index

1.2 Business framework in Germany

1.2.1 Macroeconomic climate

According to the Federal Statistical Office (Destatis), the German economy witnessed a contraction in GDP by 0.3% in the 2023 calendar year (2022: +1.8%). On a price-adjusted basis, private consumer spending fell year-on-year by 0.8% (2022: +3.9%) over the same period, with particularly sharp reductions in price-adjusted spending on durable goods such as furnishings and household appliances (-6.2%). Due to inflation, consumer spending grew by 5.5% (2022: -10.9%) in nominal terms. Thanks to pay rises, private household disposable incomes rose by 5.9%, and thus slightly faster than consumer spending, in 2023.

1.2.2 Construction activity and construction trade

High construction prices and increased interest rates had an adverse impact on the construction industry in Germany, particularly in the housing construction segment. According to calculations compiled by the German Institute for Economic Research (DIW), housing construction volumes may have risen due to inflation by 5.5% in 2023 (2022: +11.8%); in real terms, however, this segment contracted by -2.3%, and thus for the second consecutive year (2022: -2.6%). The market for modernization measures on existing buildings, which is relevant to the DIY store sector, showed nominal growth of 7.0% (2022: +13.0%), but also shrank in real terms (2023: -0.7%; 2022: -1.4%).

According to the Federal Statistical Office (Destatis), higher building material costs were reported above all for mineral construction materials such as cement or building sand. By contrast, prices for materials made of timber and steel decreased significantly compared with the previous year.

1.2.3 Retail and DIY

Based on figures released by the Association of German Retailers (HDE), net aggregate sales in the German retail sector showed nominal growth of 2.9% to € 649.1 billion in the 2023 calendar year (2022: € 631.9 billion). In real terms, sales fell by 3.4% (2022: -0.8%). Online retail (e-commerce) declined by 0.4% to € 84.2 billion (2022: € 84.5 billion) and by 3.9% in real terms (2022: -6.9%). Online sales thus accounted for a 13.0% share of total retail sales volumes in 2023 (2022: 13.5%).

The BHB association for the DIY sector and the GfK reported a nominal reduction in gross sales at large-scale DIY stores with sales areas of more than 1,000 m² of 3.1% to € 21.2 billion in the 2023 calendar year (2022: € 21.9 billion). On a like-for-like basis, i.e. excluding stores newly opened, closed or subject to substantial conversion measures, the sector reported a 3.4% reduction in sales. Based on preliminary figures, gross sales at smaller-scale DIY stores (with sales areas of up to 1,000 m²) decreased to around € 4.3 billion. The market volume of all DIY and home improvement stores therefore fell by 4.2% to € 25.5 billion in the 2023 calendar year.

Based on preliminary figures (IFH Retail Consultants/Klaus Peter Teipel), e-commerce sales with home improvement, construction materials, and garden product ranges via the online shops of stationary retailers, mail order companies, and pure online retailers ("pure players") in Germany fell by 4.9% to a gross total of € 5.3 billion in the 2023 calendar year (2022: € 5.6 billion). DIY companies with stationary operations, which are included in these figures, reported a reduction in their online sales by 2.3% to € 1.2 billion.

1.2.4 Regional builders' merchant business

Developments in the builders' merchant segment are significantly influenced by sector trends in the main construction trade. Of relevance to the HORNBACH Baustoff Union GmbH Subgroup are developments in the main construction trade in the regions it covers, which largely comprise the federal states of Rhineland-Palatinate, Saarland, and Baden-Württemberg. In the 2023 calendar year, nominal sales in the main construction trade (housing construction, companies with 20 or more employees) fell by 12.0% in Rhineland-Palatinate (2022: +20.9%) and by 22.4% in Saarland (2022: +10.8%). In Baden-Württemberg, nominal sales rose slightly by 1.6% (2022: +9.3%). For Germany as a whole, nominal sales fell by 4.9% (2022: +11.0%). New orders in the main construction trade dropped by 25.9% in Rhineland-Palatinate and by 20.3% in Baden-Württemberg. By contrast, Saarland reported a slight rise of 1.5%. Across Germany, new orders fell 13.5% short of the previous year's figure (2022: -3.9%).

2. Summary of 2023/24 Business Performance

2.1 Overall assessment of the Group's economic position

2.1.1 Impact of macroeconomic and geopolitical conditions

Given ongoing high inflation, increased borrowing rates, and a subdued macroeconomic backdrop, in the 2023/24 financial year DIY customers were more careful with their spending and in particular more reluctant to invest in large-scale projects and purchases. House building plans and extensive DIY projects were in some cases postponed. At the same time, maintaining existing living space remained a high priority for consumers, who tended to focus on smaller-scale renovation projects. The weak climate in the construction industry impacted above all on the HORNBACH Baustoff Union Subgroup. By contrast, the HORNBACH Baumarkt AG Subgroup mainly focuses on the end customer business, and on refurbishment, renovation, and modernization projects in existing buildings.

The normalization of prices for several commodities, such as timber and metals, contributed to a recovery in the gross margin in the second half of the financial year. This followed a period in which, given very sharp price rises in previous years, it had not been possible to pass these increases to customers in full.

The wars in Ukraine and the Gaza Strip did not have any direct impact on the business performance. HORNBACH did not and does not have any locations in Russia, Belarus, or Ukraine and also does not have any direct suppliers in any of these three countries. The diversion of container ships did not result in any major delays to deliveries. The cost of imports from Asia has nevertheless risen since January 2024.

2.1.2 Seasonal and calendar-related factors and other underlying conditions

Due to calendar-related factors, the year under report had an average of 1.1 business days fewer than the previous year. The resultant calendar effect was distributed among the four quarters as follows:

- 1st Quarter (Q1): - 1.5 business days
- 2nd Quarter (Q2): + 0.8 business days
- 3rd Quarter (Q3): +/- 0 business days
- 4th Quarter (Q4): - 0.5 business days.

In the 2023/24 financial year, the months of March and April were marked by an unusually cold and rainy start to the spring season in those countries in which HORNBACH operates. This had a significant negative impact on demand for garden products in particular during this period. From May, sunny weather then had a correspondingly positive impact. The summer, fall, and winter months were warmer than average in the regions in which the company operates in the 2023/24 financial year. An unusually rainy late fall once again held back demand for garden products. Subsequent record levels of precipitation in December led to flooding in some regions of Germany. This nevertheless did not impact on HORNBACH’s stores.

2.1.3 Development in HORNBACH's stationary store network and interconnected retail (ICR)

The **HORNBACH Baumarkt AG Subgroup** opened one new DIY store and garden center in Nijmegen (Netherlands) in the 2023/24 financial year. Moreover, the Subgroup invested in its existing stores within the framework of customary modernization programs, such as extensions to include drive-in or construction material collection facilities. In April 2023, the logistics network was supplemented by a new logistics center in Essingen (Germany) which serves as a cross-docking center for long and bulky goods and as a regional warehouse.

The HORNBACH Baumarkt AG Subgroup is continually working to expand its ICR architecture to further improve customers’ shopping experience and ensure a high level of performance, scalability, and security. The range of products and services available at the online shop is also continually being extended. Among other measures, a marketplace for external providers was integrated into the German online shop in the 2023/24 financial year. By involving select manufacturers and traders, HORNBACH can offer an even greater breadth and depth of products. At the same time, the Subgroup places high standards in product quality and the reliability of its partners. To promote technology projects relating to the online shop and further ICR topics, as well as accessing an additional pool of IT specialists, in the year under report the Subgroup established an IT hub in Romania. Moreover, HORNBACH pressed further ahead with converting its SAP ERP system to S/4 HANA.

In the year under report, the HORNBACH Baumarkt AG Subgroup also boosted its service offering by acquiring Seniovo GmbH, a Berlin startup specializing in serial barrier-free bathroom conversions. This cooperation with Seniovo will supplement HORNBACH’s existing trade service in Germany. It will provide opportunities by addressing relevant customers groups in a targeted manner and ensuring rapid project implementation thanks to highly standardized and digitalized processes. The company was consolidated from December 1, 2023.

As of March 1, 2023, the **HORNBACH Baustoff Union GmbH Subgroup** divided the location taken over in Saarbrücken Gersweiler (Germany) in the previous year into two separate outlets. Two builders’ merchant locations in Germany were closed in the financial year under report: Eislingen (Germany) as of November 30, 2023 and Kaiserslautern-Flickerstal (Germany) as of January 31, 2024. The HBU Subgroup took over an additional location in Kirn (Germany) as of March 1, 2024. As a result, the number of locations increased from 38 at the balance sheet date (2022/23: 39) to 39 as of March 1, 2024.

2.1.4 Asset, financial, and earnings position

The **HORNBACH Group's net sales** showed a slight reduction of 1.6% to € 6,160.9 million (2022/23: € 6,263.1 million). Of these, € 5,780.0 million (2022/23: € 5,843.1 million), and thus around 94% (2022/23: 93%) were attributable to the **HORNBACH Baumarkt AG Subgroup**. The subdued consumer climate was reflected in slightly lower average purchases, while customer footfall volumes increased compared with the previous year (+2.0%). Consistent with overall developments in online retail, the online shops operated by HORNBACH Baumarkt posted lower sales. The online business accounted for a 12.7% share of the Subgroup's total sales in the period under report (2022/23: 14.1%), but remained significantly higher than the pre-pandemic level (2019/20: 9.6%).

The **market share of HORNBACH Baumarkt (GfK)** in Germany remained stable at a high level of 14.9% in the 2023 calendar year (2022: 14.9%). Its market share grew from 26.1% to 27.1% in the Netherlands, from 13.5% to 13.9% in Switzerland, and from 34.4% to 36.2% in the Czech Republic. In Austria, its market share decreased from 17.8% to 17.3%.

A number of international consumer surveys, such as Kundenmonitor (Germany, Austria, Switzerland), the selection as Retailer of the Year (Netherlands), and the Swedish Brand Award, document the high level of **customer satisfaction** with the HORNBACH brand. In the 2023/24 financial year, the HORNBACH Baumarkt AG Subgroup was awarded second place for overall satisfaction among customers of DIY and home improvement stores in Germany. In the Netherlands and Sweden it came first. Moreover, in most of the regions for which customer satisfaction studies are available HORNBACH's DIY stores and garden centers were ranked first or second for the criteria of value for money, product range, and willingness to recommend to others.

Productivity remained high at HORNBACH's DIY stores and garden centers in the 2023/24 financial year. Average annual sales at HORNBACH's DIY stores and garden centers stood at € 33.9 million (2022/23: € 34.8 million). Surface productivity, i.e. weighted net sales per square meter of sales area, decreased slightly from € 2,925 to € 2,823 per m² (-3.5%).

The **HORNBACH Baustoff Union GmbH Subgroup** generated net sales of € 380.7 million in the 2023/24 financial year (2022/23: € 421.1 million).

As forecast, the HORNBACH Group's **adjusted EBIT** (operating earnings adjusted to exclude non-operating earnings items) of € 254.2 million for the 2023/24 financial year fell 12.4% short of the previous year's figure (€ 290.1 million). The adjusted EBIT margin amounted to 4.1% (2022/23: 4.6%).

Including acquisitions (mainly Seniovo GmbH), **cash-effective capital expenditure** at the HORNBACH Group decreased slightly to € 192.6 million in the 2023/24 year under report (2022/23: € 203.5 million). Of this total, 41% related to land and buildings, while the remaining capital expenditure was channeled into plant and office equipment at new and existing stores, as well as software.

The **operating cash flow** increased to € 454.9 million (2022/23: € 425.4 million). The reduction in the inflow of funds from the operating business (funds from operations) from € 403.7 million to € 360.7 million was countered by an opposing effect of plus € 94.2 million (2022/23: plus € 21.7 million) from the change in working capital. This mainly resulted from the reduction in inventories accompanied by a scaling back in the reverse factoring program. The **free cash flow** (after dividends) rose to € 231.9 million (2022/23: € 186.5 million).

Largely due to the reduction in inventories, the **total assets** of the HORNBACH Group decreased by 5.3% to € 4,477.1 million as of February 29, 2024 (February 28, 2023: € 4,725.8 million). The **equity ratio** rose to 43.5% (February 28, 2023: 40.1%) and thus remains at a very good level. Net financial debt fell by 10.5% to € 1,202.5 million (2022/23: € 1,343.3 million). The **net debt ratio** (net debt / EBITDA) improved from 2.7 to 2.5.

In November 2023, S&P Global Ratings confirmed the long-term issuer rating and the rating for the senior unsecured liabilities for HORNBACH Baumarkt AG at "BB+". Due in particular to the deterioration in the macroeconomic climate and the associated adverse impact on consumer confidence, the outlook was amended from "stable" to "negative".

2.2 Target achievement in the 2023/24 financial year

The comparison of the actual with the forecast business performance is presented in the table below. The reduction in net sales (-1.6%) and decrease in adjusted EBIT (-12.4%) were within the forecast ranges.

2.2.1 Targets and results of the HORNBACH Holding AG & Co. KGaA Group in 2023/24 financial year

Key management figures	Guidance for 2023/24 financial year	Results in 2023/24
Net sales	■ Guidance dated 5.16.2023: at around previous year's level (€ 6,263 million) ■ Guidance adjusted on 9.15.2023: at or slightly below previous year's level	-1.6% to € 6,161 million
Adjusted EBIT	■ Guidance dated 5.16.2023: at previous year's level (€ 290.1 million); possibility of reduction by around 5% to 15% cannot be excluded ■ Guidance adjusted on 9.15.2023: 10% to 25% below previous year	**-12.4%** to € 254.2 million

Note: For **sales** "at previous year's level" refers to changes of -1% to +1%, while "slight" changes involve changes of 2% to 5%. To enhance the distinctions within the "slight" category, we use the phrase "in a low single-digit percentage range" to refer to changes of 2% to 3% and the phrase "in a medium single-digit percentage range" to refer to changes of 4% to 6%. "Significant" corresponds to changes of more than 6%. For **earnings figures**, "at previous year's level" refers to changes of -1% to +1%. "Slight" corresponds to changes of 2% to 10%, while "significant" is equivalent to changes of more than 10%. From the 2024/25 financial year onwards, the ranges for earnings figures have been redefined: Based on the new definition, "at the previous year's level" refers to changes of -5% to +5%, while "slight" corresponds to changes of +/- 5% to +/- 12%, and "significant" designates changes of < +/- 12%.

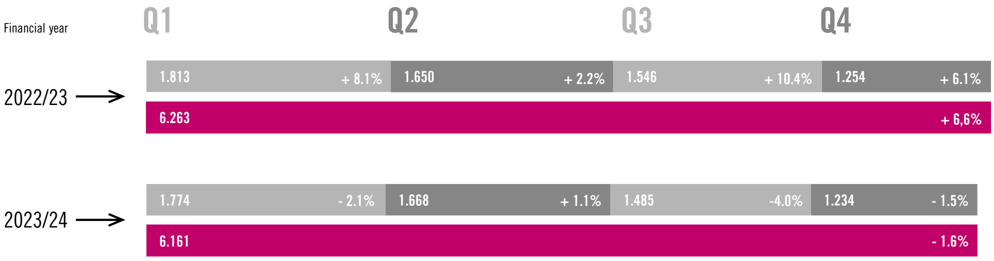
Further key figures	Other targets for 2023/24 financial year	Results in 2023/24
Expansion of HORNBACH Baumarkt AG Subgroup	DIY stores and garden centers (1 new store opening): Nijmegen (Netherlands)	Nijmegen opened on 7.12.2023
Capital expenditure	■ Target dated 5.16.2023: at previous year's level (€ 203.5 million) ■ Intra-year adjustment: slightly below previous year's level	€ 192.6 million

2.2.2 Budget/actual comparison for annual financial statements (HGB)

The earnings performance at HORNBACH Holding AG & Co. KGaA is closely linked to developments on the level of its shareholdings and thus to the level and rate of change in its income from investments. Due to a higher volume of profit transferred from HORNBACH Immobilien AG, the annual net surplus of € 58.7 million at the standalone company in the 2023/24 financial year was significantly higher than the previous year's figure of € 44.4 million (guidance: slightly below level for 2022/23 financial year).

3. Earnings Position

Sales and growth by quarter
(€ million / %)



3.1 Sales performance

3.1.1 Net sales of HORNBACH Group

As of the balance sheet date on February 29, 2024, the HORNBACH Holding AG & Co. KGaA Group comprised the HORNBACH Baumarkt AG, HORNBACH Baustoff Union GmbH (HBU), and HORNBACH Immobilien AG Subgroups (segments). In the 2023/24 financial year (March 1, 2023 to February 29, 2024), the consolidated sales (excluding sales taxes) of € 6,160.9 million at the HORNBACH Group fell slightly short of the previous year's figure (€ 6,263.1 million).

€ 6,161 m
sales of the HORNBACH Group in the 2023/24 financial year

3.1.2 HORNBACH Baumarkt AG Subgroup

At € 5,780.0 million in the 2023/24 financial year, net sales at the HORNBACH Baumarkt AG Subgroup were only slightly lower than the previous year's figure (-1.1%; 2022/23: € 5,843.1 million). Net sales in the Germany region decreased by 2.6% to € 2,787.9 million in the period under report (2022/23: € 2,860.9 million). In the Other European Countries region, and including one newly opened DIY megastore with a garden center, the Subgroup reported sales growth of 0.3% to € 2,992.1 million (2022/23: € 2,982.1 million). The share of consolidated sales generated by the international companies rose from 51.0% to 51.8%. Sales at HORNBACH's online shops (online mail order, click & collect, and other online transactions involving store contact) fell by 11.1% to € 732.4 million in the 2023/24 financial year (2022/23: € 822.9 million). Online retail thus accounted for a 12.7% share of net sales at the Subgroup (2022/23: 14.1%).

Net of currency items, the Subgroup's like-for-like sales, i.e. sales at all locations in operation for at least twelve months, as well as online sales based on local currencies, decreased by 2.0% in the 2023/24 financial year (2022/23: +3.6%). The year-on-year development in the four quarters is presented in the following table.

Like-for-like sales performance net of currency items of the HORNBACH Baumarkt AG Subgroup (in %)

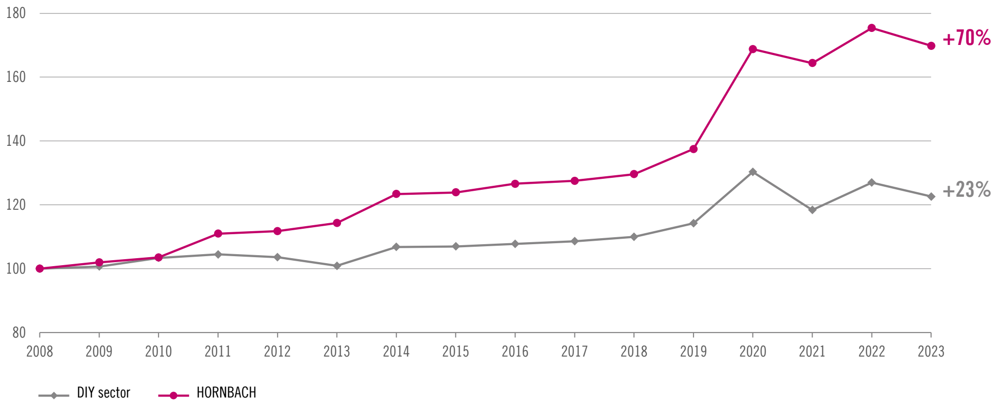
2023/24 financial year 2022/23 financial year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Subgroup	**(3.2)**	**1.0**	**(4.3)**	**(1.3)**	**(2.0)**
	5.3	(1.7)	7.2	4.1	3.6
Germany	**(5.7)**	**0.3**	**(5.0)**	**(1.6)**	**(3.1)**
	4.4	(2.9)	7.8	0.7	2.4
Other European Countries	**(0.8)**	**1.6**	**(3.6)**	**(1.1)**	**(0.9)**
	6.2	(0.6)	6.7	7.5	4.7

Including currency items, i.e. based on sales in euros, the HORNBACH Baumarkt AG Subgroup reported a 1.9% reduction in like-for-like sales in 2023/24 (2022/23: +4.2%).

–3.1%
like-for-like sales performance of HORNBACH DIY stores and garden centers in Germany

- **Germany**
  Like-for-like sales at the HORNBACH DIY stores and garden centers in the Germany region fell by 3.1% in the 2023/24 financial year (2022/23: +2.4%). Based on the 2023 calendar year, HORNBACH reported a 3.2% reduction in like-for-like sales and thus performed slightly better than the DIY sector average in Germany which, according to the GfK, witnessed a 3.4% reduction in like-for like sales in the period from January to December 2023. In the long term, HORNBACH has generated growth that is significantly ahead of the sector average. Since 2008, HORNBACH's like-for-like sales in Germany have grown by around 70%, while the German DIY sector as a whole generated growth of only 23% over the same period.

Like-for-like sales performance in Germany
(Index: 2008 = 100%, calendar year)



–0.9%
like-for-like sales performance net of currency items at HORNBACH DIY stores and garden centers in Other European Countries

- **Other European Countries**
  Overall, our stores in Other European Countries reported a slight reduction of 0.9% in their like-for-like sales net of currency items in the 2023/24 financial year (2022/23: +4.7%). Including currency items, like-for-like sales decreased by 0.8% (2022/23: +6.0%). Positive like-for-like sales growth was reported for the Netherlands, at 4.2% (2022/23: +13.2%), and Luxembourg, at 0.8% (2022/23: -0.4%). Reductions in like-for-like sales were posted in each case for Austria (-6.0%; 2022/23: +2.8%), Romania (-1.4%; 2022/23: +8.6%), Sweden (-2.2%; 2022/23: -4.3%), Switzerland (-1.8%; 2022/23: -5.0%), Slovakia (-1.3%; 2022/23: +8.7%), and the Czech Republic (-3.3%; 2022/23: +5.4%).

€ 381 m
sales at HORNBACH Baustoff Union in 2023/24 financial year

3.1.3 HORNBACH Baustoff Union GmbH Subgroup

Due to the weakness of the construction industry in Germany, the HORNBACH Baustoff Union GmbH Subgroup witnessed a significant downturn in sales in the 2023/24 financial year. At € 380.7 million, net sales fell 9.6% short of the previous year's figure (€ 421.1 million).

3.1.4 HORNBACH Immobilien AG Subgroup

At € 89.1 million, rental income at the HORNBACH Immobilien AG Subgroup in the 2023/24 financial year was 8.0% higher than the previous year's figure of € 82.5 million. As in the previous year, more than 98% involved income from renting properties within the overall Group.

3.2 Earnings performance of the HORNBACH Group

Key figure (€ million, unless otherwise stated)	2023/24	2022/23	Change
Net sales	6,161	6,263	(1.6)%
of which: in Germany	3,158	3,270	(3.4)%
of which: Other European Countries	3,003	2,994	0.3%
Like-for-like sales growth	(2.0)%	3.6%	
EBITDA	473.8	505.4	(6.2)%
EBIT	225.8	258.5	(12.7)%
Adjusted EBIT	254.2	290.1	(12.4)%
Consolidated earnings before taxes	179.3	218.3	(17.9)%
Consolidated net income	131.7	167.8	(21.5)%
EBITDA margin	7.7%	8.1%	
EBIT margin	3.7%	4.1%	
Adjusted EBIT margin	4.1%	4.6%	
Gross margin	33.8%	33.4%	
Store expenses as % of net sales	25.6%	24.9%	
Pre-opening expenses as % of net sales	0.1%	0.1%	
General and administration expenses as % of net sales	4.8%	4.5%	
Tax rate	26.6%	23.1%	

(Differences due to rounding up or down to nearest € million)

3.2.1 Gross profit and gross margin

At € 2,084.6 million, gross profit in the 2023/24 financial year was almost (-0.3%) at the previous year's level (€ 2,090.5 million). Mainly due to lower commodity and procurement prices, as well as to a more favorable product mix, the gross margin increased from 33.4% to 33.8%.

3.2.2 Selling and store, pre-opening and administration expenses

The HORNBACH Group's **selling and store expenses** showed slight growth of 1.0% to € 1,576.3 million (2022/23: € 1,561.2 million). This overall development resulted from the following changes in cost items: Operating expenses fell by 9.0%, with this being due among other factors to lower energy costs and the write-ups included in this item (write-ups pursuant to IAS 36). Due to higher wage and salary payments, store personnel expenses (including bonuses) increased by 4.1%. Advertising expenses were at around the previous year's level. Due to its expansion in recent years and to IAS 36 impairments, the HORNBACH Group posted a corresponding increase in the charges resulting from depreciation and amortization (+7.7%). Overall, the non-operating charges on earnings recognized in selling and store expenses amount to € 30.3 million (2022/23: € 31.8 million). These mainly involve the net total of impairment losses and write-ups recognized for DIY store properties, advertising-related assets, and tenant fittings, as well as impairment losses on right-of-use assets (write-downs/write-ups pursuant to IAS 36). Overall, the store expense ratio (store expenses as a percentage of sales) increased slightly from 24.9% to 25.6%.

Pre-opening expenses relating to new store openings decreased to € 6.1 million in the 2023/24 financial year (2022/23: € 6.8 million). As in the previous year, the pre-opening expense ratio therefore stood at 0.1%.

Administration expenses rose year-on-year by 5.9% to € 297.4 million (2022/23: € 280.9 million), resulting in an administration expense ratio of 4.8% (2022/23: 4.5%). This increase was driven in particular by the implementation of projects and increased personnel totals in technology departments, as well as by salary adjustments.

3.2.3 Other income and expenses

Other income and expenses amounted to € 21.0 million in the year under report (2022/23: € 16.9 million). Among other items, these include income and losses from damages cases and income from the sale of real estate and land no longer required for operations and of non-current assets.

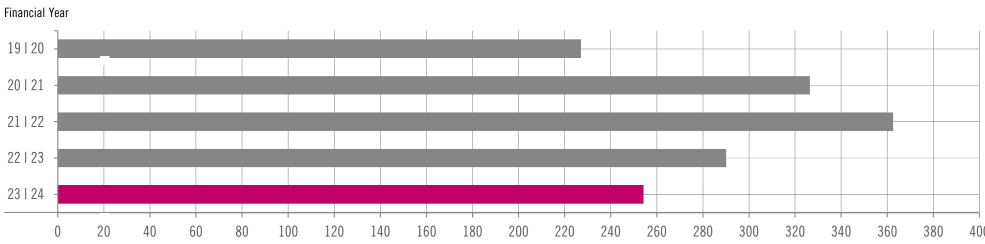
3.2.4 EBITDA, adjusted EBIT and EBIT

€ 254.2 m
adjusted EBIT in 2023/24 financial year

Due to the slight reduction in sales accompanied by rising costs, the key operating earnings figures of the HORNBACH Group for the 2023/24 financial year fell short of the previous year's comparative figures. **Adjusted consolidated operating earnings (EBIT)**, which excludes non-operating one-off items, decreased by 12.4% to € 254.2 million (2022/23: € 290.1 million). The adjusted EBIT margin stood at 4.1% (2022/23: 4.6%). EBIT including non-operating earnings items dropped by 12.7% to € 225.8 million (2022/23: € 258.5 million), producing an EBIT margin of 3.7% (2022/23: 4.1%). Consolidated earnings before interest, taxes, depreciation, amortization, and write-ups (**EBITDA**) fell by 6.2% to € 473.8 million (2022/23: € 505.4 million), corresponding to an EBITDA margin of 7.7% (2022/23: 8.1%).

Non-operating charges on earnings, which chiefly relate to IAS 36 write-downs and write-ups and are predominantly reported under selling and store expenses, decreased overall from minus € 31.6 million to minus € 28.4 million in the 2023/24 year under report. The volume of write-downs and write-ups is dependent on the company's budgets and the weighted average cost of capital (WACC). This is influenced by changes in the risk-free interest rate, the average beta factor for the peer group, and the credit spread.

Adjusted EBIT
(€ million)



The following table presents the reconciliation of consolidated operating earnings (EBIT) with adjusted EBIT, i.e. EBIT adjusted to eliminate non-operating one-off items:

Reconciliation of consolidated operating earnings (EBIT) with adjusted EBIT by segment (in € million)

2023/24 in € million 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
Earnings before interest and taxes (EBIT)	**160.0**	**3.7**	**63.3**	**(6.4)**	**5.2**	**225.8**
	188.6	7.6	56.0	(6.3)	12.6	258.5
Non-operating earnings items	52.4	1.0	0.0	0.0	(25.0)	28.4
	52.4	6.3	(0.2)	0.0	(26.9)	31.6
Adjusted EBIT	**212.4**	**4.7**	**63.3**	**(6.4)**	**(19.8)**	**254.2**
	241.0	13.8	55.8	(6.3)	(14.2)	290.1

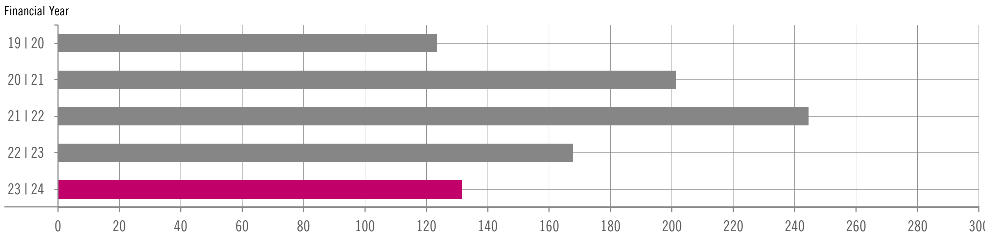
(Differences due to rounding up or down to nearest € million)

3.2.5 Net financial expenses, EBT, and consolidated net income

Net financial expenses amounted to € -46.4 million in the 2023/24 financial year (2022/23: € -40.2 million). The net interest expenses included in this line item amounted to € -46.0 million (2022/23: € -44.7 million). Furthermore, these expenses include negative currency items, including income from forward exchange transactions, of € 0.5 million (2022/23: positive effects of € 4.5 million). Consolidated earnings before taxes (**EBT**) fell by 17.9% to € 179.3 million (2022/23: € 218.3 million).

Taxes on income came to € 47.6 million (2022/23: € 50.5 million). The effective tax rate on Group level increased from 23.1% to 26.6%. **Consolidated net income** including minority interests decreased by 21.5% to € 131.7 million (2022/23: € 167.8 million). The Group-wide return on sales therefore stood at 2.1% (2022/23: 2.7%). Earnings per share are reported at € 7.83 (2022/23: € 9.83).

Consolidated net income before minority interests
(€ million)



3.3 Earnings performance by segment

3.3.1 HORNBACH Baumarkt AG Subgroup

The HORNBACH Group's earnings performance in the past 2023/24 financial year was largely determined by the earnings situation at the largest Subgroup, HORNBACH Baumarkt AG. The Subgroup's **adjusted EBIT**, i.e. operating earnings before non-operating one-off items, fell by 11.9% to € 212.4 million (2022/23: € 241.0 million). On Subgroup level, the adjusted EBIT margin therefore amounted to 3.7% (2022/23: 4.1%).

€ 212.4 m
adjusted EBIT at HORNBACH Baumarkt AG Subgroup

Overall, non-operating charges on earnings, which mainly resulted from write-downs and write-ups pursuant to IAS 36 (Impairments), amounted to € -52.4 million in the 2023/24 year under report and were thus at the previous year's level (€ -52.4 million). Consolidated operating earnings (**EBIT**) including unscheduled non-operating earnings items therefore decreased by 15.2% to € 160.0 million (2022/23: € 188.6 million). The EBIT margin amounted to 2.8% (2022/23: 3.2%).

Consolidated earnings before taxes dropped by 27.7% to € 100.7 million (2022/23: € 139.3 million). **Consolidated net income** fell by 31.1% to € 74.5 million (2022/23: € 108.2 million). Earnings per Baumarkt share are reported at € 2.34 (2022/23: € 3.40).

The reporting segments within the HORNBACH Baumarkt AG Subgroup performed as follows in the 2023/24 financial year:

- Consistent with the performance of the Subgroup, key operating earnings figures in the **Retail** segment decreased. Segment EBIT adjusted to exclude non-operating earnings items (adjusted EBIT) dropped by 23.4% to € 103.8 million (2022/23: € 135.5 million). This resulted in an adjusted EBIT margin of 1.8% (2022/23: 2.3%). The segment reported non-operating charges on earnings of € 3.6 million (2022/23: € 2.4 million). As a result, operating earnings (EBIT) decreased by 24.7% to € 100.3 million (2022/23: € 133.1 million). At € 164.9 million, EBITDA in the 2023/24 financial year was 16.2% lower than the previous year's figure (2022/23: € 196.7 million). This corresponded to an EBITDA margin of 2.9% (2022/23: 3.4%).

- In the **Real Estate** segment, EBIT adjusted to exclude non-operating one-off items (adjusted EBIT) rose by 4.3% to € 126.2 million (2022/23: € 121.0 million). Non-operating charges on earnings arose in an amount of € 48.8 million (2022/23: € 50.0 million). These include impairment losses, write-ups, and disposal gains. Segment EBIT rose by 8.9% to € 77.4 million (2022/23: € 71.0 million). Due to higher interest expenses, net financial expenses deteriorated slightly from € -45.1 million to € -51.3 milion. At € 26.0 million, earnings before taxes (EBT) were at the previous year's level (€ 26.0 million) Earnings before interest, taxes, depreciation, amortization, and write-ups (EBITDA) rose by 2.1% to € 306.6 million in the year under report (2022/23: € 300.3 million).

3.3.2 HORNBACH Baustoff Union GmbH Subgroup

At the HORNBACH Baustoff Union GmbH Subgroup, EBIT adjusted for non-operating one-off items fell to € 4.7 million in the 2023/24 financial year (2022/23: € 13.8 million). This development was chiefly due to the significant reduction in sales accompanied by a stable gross margin. The decrease in gross profit could only be partly offset by reducing store expenses. The adjusted EBIT margin amounted to 1.2% (2022/23: 3.3%). The Subgroup reported non-operating earnings items due to impairment losses of € 1.0 million recognized on real estate and right-of-use assets (2022/23: write-downs of € 6.2 million on intangible assets). Including non-operating earnings items, EBIT decreased to € 3.7 million (2022/23: € 7.6 million). EBITDA at the Subgroup fell from € 23.9 million to € 14.7 million.

3.3.3 HORNBACH Immobilien AG Subgroup

Based on higher rental income and lower operating expenses, adjusted EBIT at the HORNBACH Immobilien AG Subgroup increased to € 63.3 million in the 2023/24 financial year (2022/23: € 55.8 million). There were no non-operating earnings items in the year under report (2022/23: non-operating income of € 0.2 million). The Subgroup's adjusted EBIT thus corresponded to its EBIT (€ 63.3 million; 2022/23: € 56.0 million). EBITDA rose from € 73.2 million to € 80.6 million.

3.4 Earnings performance by geographical regions

EBIT adjusted to exclude non-operating earnings (adjusted EBIT) in the **Germany** region fell by 25.5% to € 60.6 million in the 2023/24 financial year (2022/23: € 81.3 million). The domestic share of adjusted operating earnings stood at 24% (2022/23: 28%). The adjusted EBIT margin in Germany therefore eased from 2.5% to 1.9%. Non-operating earnings charges fell from € 30.0 million to € 11.7 million in the 2023/24 financial year. As a result, EBIT in the Germany region showed only a slight decrease from € 51.3 million to € 48.9 million. At € 181.4 million, EBITDA fell short of the previous year's figure (€ 200.7 million) and accounted for a 38% share of the Group's EBITDA (2022/23: 40%).

Adjusted EBIT in the **Other European Countries** region declined by 7.2% to € 193.6 million (2022/23: € 208.7 million). The adjusted EBIT margin came to 6.5% (2022/23: 7.0%). The share of adjusted consolidated operating earnings contributed by the Other European Countries region rose from 72% to 76%. Non-operating charges on earnings increased from € 1.5 million to € 16.7 million. EBIT generated outside Germany thus amounted to € 176.9 million (2022/23: € 207.2 million). At € 292.5 million, EBITDA fell slightly short of the previous year's figure (€ 304.7 million) and corresponded to a 62% share of the Group's EBITDA (2022/23: 60%).

3.5 Dividend proposal

The General Partner and the Supervisory Board of HORNBACH Holding AG & Co. KGaA will propose a dividend of € 2.40 per no-par ordinary bearer share with dividend entitlement in the KGaA (2022/23: € 2.40) for approval by the Annual General Meeting planned to be held on July 5, 2024.

€ 2.40
dividend proposal for 2023/24 financial year

4. Financial Position

4.1 Principles and objectives of financial management

All financing measures at the HORNBACH Group are coordinated by Group Treasury in close liaison with the Group company financing the respective measure. Central organization of financial management enables the HORNBACH Group to maintain a uniform presence on financial markets and provide standardized liquidity management for the overall Group.

The information required for efficient liquidity management is monitored and secured by rolling Group financial planning covering all relevant companies, which is updated monthly and has a budgeting horizon of twelve months, as well as by short-term financial forecasting updated daily. Based on the information available, the financing requirements of individual units within the Group are initially settled using surplus liquidity from other Group companies by means of a cash pooling system. Such liquidity bears interest at market rates on the basis of internal transfer agreements. Where long-term financing requirements are covered internally, these facilities take the form of long-term internal loan agreements.

Major strategic financing facilities are organized via HORNBACH Holding AG & Co. KGaA in the form of unsecured loans from banks and on the capital market. Any external financing required at the HORNBACH Baumarkt AG, HORNBACH Immobilien AG, and HORNBACH Baustoff Union GmbH Subgroups takes the form of secured mortgage loans and real estate sales (sale and leaseback). Consistent with HORNBACH's forward-looking financial policy, financial liabilities due to mature are refinanced where needed at the earliest opportunity.

In line with internal risk principles, derivative financial instruments are held solely for hedging purposes.

To optimize its working capital, in the 2023/24 financial year HORNBACH Baumarkt AG drew on a reverse factoring program on a scale of € 149.1 million (2022/23. € 250.0 million).

4.2 Financial debt

The HORNBACH Holding AG & Co. KGaA Group had financial debt of € 1,572.8 million at the balance sheet date on February 29, 2024 (2022/23: € 1,780.3 million). Net financial debt fell from € 1,343.3 million to € 1,202.5 million. Cash and cash equivalents decreased from € 437.0 million in the previous year to € 370.3 million in the year under report.

The current financial debt (up to 1 year) of € 190.9 million (2022/23: € 401.5 million) comprises the portion of loans maturing in the short term, at € 26.9 million (2022/23: € 198.9 million), current lease liabilities of € 100.5 million (2022/23: € 100.8 million), current account overdrafts and short-term time loans of € 57.5 million (2022/23: € 95.4 million), interest deferrals of € 5.8 million (2022/23: € 6.3 million), and the measurement of derivative financial instruments, at € 0.3 million (2022/23: € 0.1 million).

The table below presents a detailed breakdown of financial debt.

Financial debt of the HORNBACH Holding AG & Co. KGaA Group

Type of financing	Liabilities broken down into remaining terms						2.29.2024	2.28.2023
€ million	< 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	Total	Total
Short-term bank debt[1]	63.3						63.3	101.8
Mortgage loans	26.9	17.1	17.1	16.3	15.8	63.5	156.7	108.3
Other loans[2] [3]		116.9		49.9		49.9	216.7	394.6
Bonds[3]			248.7				248.7	248.2
Negative fair values of derivative financial instruments	0.3						0.3	0.1
Lease liabilities	100.5	99.4	100.6	102.6	105.5	378.6	887.2	927.4
Total financial debt	**190.9**	**233.5**	**366.3**	**168.8**	**121.3**	**492.0**	**1,572.8**	**1,780.3**
Cash and cash equivalents							370.3	437.0
Net financial debt							**1,202.5**	**1,343.3**

(Differences due to rounding up or down to nearest € million)
[1] Current account liabilities, time loans and interest deferrals
[2] Loans not secured with mortgages
[3] The costs relating to the taking up of the facilities have been spread pro rata temporis over the respective terms.

HORNBACH enjoys great financing flexibility and draws where necessary on a wide range of different financing instruments. At the balance sheet date on February 29, 2024, the company had the following main financing facilities:

- a corporate bond of € 250.0 million at HORNBACH Baumarkt AG with a term until October 26, 2026 and an interest rate of 3.25%
- two promissory note bonds at HORNBACH Holding AG & Co. KGaA with volumes of € 50.0 million each and terms until June 1, 2027 and June 1, 2029
- one promissory note bond at HORNBACH Baumarkt AG with a volume of € 74.0 million and a term until February 23, 2026
- one promissory note bond at HORNBACH Holding B.V. with a volume of € 43.0 million and a term until September 15, 2025.

€ 521 m
free credit lines

4.2.1 Credit lines

At the balance sheet date on February 29, 2024, the HORNBACH Holding AG & Co. KGaA Group had credit lines amounting to a total of € 590.7 million (2022/23: € 603.6 million) on customary market terms. These include a syndicated credit line of € 500.0 million at HORNBACH Holding AG & Co. KGaA, which has a term running until September 2, 2028. Unutilized credit lines amount to € 520.5 million (2022/23: € 494.3 million).

To ensure the maximum possible degree of flexibility, HORNBACH Holding AG & Co. KGaA is able to draw on the syndicated line and forward funds without restrictions either directly or indirectly to all subsidiaries of the HORNBACH Holding AG & Co. KGaA Group.

4.2.2 Covenants

No assets have been provided as security for the credit lines, the promissory note bonds, or the corporate bond. The contractual arrangements nevertheless require compliance with customary bank covenants, non-compliance with which could lead to a premature repayment obligation. These regularly involve pari passu clauses and negative pledge declarations, as well as change of control, cross default, and cross acceleration arrangements for major financing facilities.

In the case of the syndicated credit line at HORNBACH Holding AG & Co. KGaA, they also require compliance with specific financial ratios. These key financial ratios are based on figures at the HORNBACH Holding AG & Co. KGaA Group and require interest cover of at least 2.25 times and an equity ratio of at least 25%. Maximum limits for financing facilities secured by land charges and financing facilities taken up by subsidiaries were also agreed.

Maximum limits for financing facilities secured by land charges and financing facilities taken up by subsidiaries comparable to those agreed for the syndicated credit line were also agreed for the promissory note bonds. The corporate bond at HORNBACH Baumarkt AG is also subject to a comparable limit on financing facilities secured by land charges.

The interest cover, equity ratio, agreed financing limits, and company liquidity (cash and cash equivalents, plus unutilized committed credit lines) are regularly monitored within the internal risk management framework. Further key figures are calculated on a quarterly basis. Should the values fall short of certain target levels, then countermeasures are initiated at an early stage. All covenants were complied with at all times in the year under report. Further information about financial debt can be found in the notes to the consolidated financial statements.

Key financial figures of the HORNBACH Holding AG & Co. KGaA Group

Key figure	Definition		2.29.2024	2.28.2023
Net financial debt	Current financial debt and non-current financial debt less cash and cash equivalents	€ million	1,202.5	1,343.3
Leverage	Net financial debt / EBITDA		2.5	2.7
Interest cover	EBITDA [1] / Gross interest expense		8.6	10.1
Free cash flow	Cash flow from operating activities less cash flow from investing activities less dividends paid	€ million	231.9	186.5

(Differences due to rounding up or down to nearest € million)

[1] In keeping with the definition of key figures underlying the syndicated credit line at HORNBACH Holding AG & Co. KGaA, EBITDA has been adjusted to eliminate the other financial result and other interest expenses.

4.3 Liquidity management

Liquid funds amounted to € 370.3 million at the balance sheet date (2022/23: € 437.0 million). Liquidity can be managed in the following liquidity classes:

- operating liquidity in the form of overnight, fixed, and notice deposits with a maximum investment horizon or notice period of three months, and short-term money market investments
- liquidity available in the medium term held in the form of fixed and notice deposits with investment horizons of between four and eleven months, as well as short-term bond funds
- strategic liquidity in which, alongside investments in medium-term bond funds, the addition of other liquidity classes, such as equity components, is possible.

€ 193 m
capital expenditure

4.4 Cash flow statement and capital expenditure

Capital expenditure at the HORNBACH Holding AG & Co. KGaA Group totaled € 192.6 million in the 2023/24 financial year (2022/23: € 203.5 million), of which € 22.1 million for the acquisition of shareholdings (2022/23: € 0k). The funds required for cash-effective capital expenditure were fully covered in the year under report by the cash flow of € 454.9 million from operating activities (2022/23: € 425.4 million). Around 41% of total capital expenditure was channeled into new real estate, including properties under construction, while around 47% was mainly invested in replacing and expanding plant and office equipment and intangible assets (e.g. software). 12% involved the acquisition of shareholdings (mainly Seniovo GmbH).

The most significant capital expenditure projects related to the acquisition of land for the Group's further expansion, construction work on DIY stores with garden centers opened in the past financial year or due to open in subsequent financial years, the conversion and extension of existing stores, investments in the builders' merchant business, plant and office equipment, and the acquisition of Seniovo GmbH.

Cash flow statement (abridged) € million	2023/24	2022/23
Cash flow from operating activities	454.9	425.4
of which: funds from operations[1]	360.7	403.7
of which: change in working capital[2]	94.2	21.7
Cash flow from investing activities	(182.3)	(198.0)
Cash flow from financing activities	(331.8)	(135.1)
Cash-effective change in cash and cash equivalents	**(59.3)**	**92.3**

(Differences due to rounding up or down to nearest € million)

1) Consolidated earnings after taxes, plus depreciation of non-current assets and changes in provisions, minus gains/plus losses on the disposal of non-current assets, plus/minus other non-cash income/expenses
2) Difference between "Change in inventories, trade receivables and other assets" and "Change in trade payables and other liabilities"

The inflow of funds from operating activities rose from € 425.4 million in the previous year to € 454.9 million in the 2023/24 financial year. Funds from operations decreased to € 360.7 million (2022/23: € 403.7 million). This reduction was due above all to the slight reduction in sales accompanied by higher selling, store, and administration expenses. The change in working capital resulted in an inflow of funds of € 94.2 million (2022/23: plus € 21.7 million). This mainly resulted from a significant reduction in inventories with a simultaneous scaling back of the reverse factoring program by € 100.9 million.

The outflow of funds for investing activities fell from € 198.0 million to € 182.3 million. Cash-effective investments in non-current assets decreased to € 192.6 million (2022/23: € 203.5 million). The proceeds from disposals of non-current assets and of non-current assets held for sale rose to € 10.3 million (2022/23: € 5.5 million). As in the previous year, short-term finance planning did not give rise to any movements in financial fund investments in the period under report.

The outflow of funds from financing activities totaled € 331.8 million in the 2023/24 financial year compared with an outflow of € 135.1 million in the previous year. Here, scheduled loan repayments of € 238.6 million (2022/23: € 26.2 million) were countered by new loans of € 77.3 million (2022/23: € 245.0 million). Repayments of lease liabilities led to outflows of € 106.7 million (2022/23: € 103.1 million). Dividends paid to shareholders decreased slightly to € 40.6 million (2022/23: € 41.0 million).). Furthermore, shares of € 23.1 million were acquired in HORNBACH Baumarkt AG (2022/23: € 209.6 million). No outflows of funds arose for transaction costs (2022/23: € 0.3 million).

4.5 Rating

The creditworthiness of the HORNBACH Baumarkt AG Group is rated by Standard & Poor's, one of the leading international rating agencies. In its most recent publication, updated on November 16, 2023, Standard & Poor's confirmed the BB+ rating for the HORNBACH Baumarkt AG Group. Due in particular to the deterioration in the macroeconomic climate and the associated adverse impact on consumer confidence, the outlook was amended from "stable" to "negative".

BB+
rating of HORNBACH Baumarkt AG Group

5. Asset Position

Balance sheet of the HORNBACH Holding AG & Co. KGaA Group (abridged version)

€ million	2.29.2024	2.28.2023	Change
Non-current assets	2,718.5	2,718.0	0.0%
Current assets	1,758.6	2,007.8	(12.4)%
Assets	**4,477.1**	**4,725.8**	**(5.3)%**
Shareholders' equity	1,948.1	1,897.1	2.7%
Non-current liabilities	1,468.4	1,462.5	0.4%
Current liabilities	1,060.6	1,366.2	(22.4)%
Equity and liabilities	**4,477.1**	**4,725.8**	**(5.3)%**

(Differences due to rounding up or down to nearest € million

The Group's total assets fell year-on-year by 5.3%, or € 248.7 million, to € 4,477.1 million (2022/23: € 4,725.8 million). The equity of the Group as stated in the balance sheet amounted to € 1,948.1 million at the end of the 2023/24 financial year (2022/23: € 1,897.1 million). The equity ratio rose to 43.5% (2022/23: 40.1%).

5.1 Non-current and current assets

Non-current assets, which account for around 61% (2022/23: 58%) of total assets, amounted to € 2,718.5 million at the balance sheet date (2022/23: € 2,718.0 million). They mainly comprise property, plant and equipment and investment property of € 1,856.2 million (2022/23: € 1,832.1 million), and right-of-use assets for leased properties of € 757.4 million (2022/23: € 819.6 million). There were additions of € 72.8 million (including reclassifications) to right-of-use assets for leased properties (2022/23: € 152.7 million), additions of € 145.5 million (including reclassifications to non-current assets held for sale) to property, plant and equipment (2022/23: € 188.1 million), and write-ups of € 24.6 million (2022/23: € 6.1 million). These were countered by depreciation of € 266.3 million (2022/23: € 241.1 million) and disposals of assets of € 13.8 million (2022/23: € 3.4 million). Adjustments to account for exchange rate movements led to a reduction of € 0.4 million in property, plant and equipment and investment property (2022/23: € +19.3 million).

The other non-current receivables and assets of € 8.0 million (2022/23: € 6.8 million) mainly involve the deferral of credit line expenses and non-current lease receivables. Furthermore, the Group has deferred tax claims of € 40.7 million (2022/23: € 35.1 million). This increase chiefly resulted from adjustments made to temporary measurement differences for finance leases, intangible assets, and property, plant and equipment, as well as from changes in utilizable loss carryovers.

Current assets amounted to € 1,758.6 million (2022/23: € 2,007.8 million), or around 39% of total assets (2022/23: 42%). Inventories were reduced from € 1,382.3 million to € 1,195.7 million. The inventory turnover rate increased to 3.3 (2022/23: 3.2). Liquid funds fell by € 66.7 million to € 370.3 million in the year under report (2022/23: € 437.0 million). At € 164.9 million, current receivables, contract assets, and other assets were at the previous year's level (2022/23: € 164.7 million). Current income tax receivables rose from € 20.9 million to € 27.5 million in the year under report.

Key balance sheet figures of the HORNBACH Holding AG & Co. KGaA Group n

Key figure	Definition		2.29.2024	2.28.2023
Equity ratio	Equity / Total assets	%	43.5	40.1
Return on equity	Annual net income before minority interests / Average equity	%	6.8	9.2
Return on total capital	NOPAT[1]/ Average total capital[2]	%	4.9	5.7
Debt / equity ratio (gearing)	Net debt / Equity	%	61.7	70.8
Additions to non-current assets, including advance payments for land	Additions to non-current assets, including advance payments for land	€ million	256.3	357.0
Net working capital	Current assets[3] less trade payables and similar liabilities[4]	€ million	794.2	883.8
Inventory turnover rate	Cost of goods sold / Average inventories		3.3	3.2

[1] Net operating profit after tax, defined as EBIT minus standardized tax rate of 30% at the HORNBACH Group
[2] Average total capital, defined as average equity plus average net debt
[3] Excluding cash and cash equivalents and assets held for sale
[4] Contract liabilities and liabilities from the reverse factoring program

5.2 Non-current and current liabilities

Liabilities, including provisions, amounted to € 2,529.0 million at the balance sheet date (2022/23: € 2,828.7 million). At € 1,468.4 million, non-current liabilities were at approximately the same level as in the previous year (€ 1,462.5 million). They include non-current financial debt to banks and bond liabilities which increased from € 552.1 million to € 595.2 million in the current financial year, as well as non-current IFRS 16 lease liabilities of € 786.7 million (2022/23: € 826.6 million). Provisions for pensions stood at € 5.3 million (2022/23: € 0.1 million). The deferred tax liabilities included in non-current liabilities amounted to € 26.0 million (2022/23: € 33.6 million).

Current liabilities decreased from € 1,366.2 million to € 1,060.6 million. Due to loan repayments, current financial debt fell to € 90.4 million in the year under report (2022/23: € 300.7 million). Current lease liabilities pursuant to IFRS 16 came to € 100.5 million (2022/23: € 100.8 million). Trade payables, liabilities for the reverse factoring program, contract liabilities, and other liabilities decreased to € 708.8 million at the balance sheet date (2022/23: € 800.8 million). Other provisions and deferred liabilities amounted to € 131.4 million (2022/23: € 128.7 million).

Due to the repayment of financial debt, the net debt of the HORNBACH Holding AG & Co. KGaA Group, i.e. financial debt less liquid funds, fell from € 1,343.3 million to € 1,202.5 million. Excluding lease liabilities, net debt decreased from € 415.9 million to € 315.4 million.

6. Notes to the Annual Financial Statements of HORNBACH Holding AG & Co. KGaA (HGB)

HORNBACH Holding AG & Co. KGaA, whose legal domicile is in Neustadt an der Weinstrasse, prepares its annual financial statements in accordance with the requirements of the German Commercial Code (HGB) and the supplementary provisions of the German Stock Corporation Act (AktG). HORNBACH Holding AG & Co. KGaA is the parent company of the HORNBACH Group. It is not itself active in the operating retail business, but rather has a number of major shareholdings. By far the most important operating shareholding is HORNBACH Baumarkt AG, which operates DIY megastores with integrated garden centers in Germany and abroad. Further retail activities are located at HORNBACH Baustoff Union GmbH (construction materials and builders' merchants). Furthermore, the development of retail locations for the operating subsidiaries within the HORNBACH Holding AG & Co. KGaA Group is pooled at the HORNBACH Immobilien AG shareholding. Around 42% of the sales areas owned by the HORNBACH Group are held by HORNBACH Immobilien AG.

As in previous years, in the 2023/24 financial year HORNBACH Holding AG & Co. KGaA performed important services on behalf of its subsidiaries within the overall Group. The Chief Financial Officer of HORNBACH Management AG simultaneously holds this function for HORNBACH Holding AG & Co. KGaA and HORNBACH Baumarkt AG. The employees responsible for financial market communications (investor relations) and for press and media communications (public relations) are employed at HORNBACH Holding AG & Co. KGaA and also work on behalf of its HORNBACH Baumarkt AG subsidiary. The same is true for the Head of Corporate Social Responsibility (CSR) and her team. A control and profit transfer agreement is in place between HORNBACH Holding AG & Co. KGaA and its wholly-owned subsidiary HORNBACH Immobilien AG.

6.1 Business framework

The macroeconomic and sector-specific framework also relevant for HORNBACH Holding AG & Co. KGaA is described in detail in the Group Management Report.

Group Management Report
Business Report
Macroeconomic and Sector-Specific Framework

6.2 Business performance of shareholdings

The retail and real estate activities and the business performance of the HORNBACH Baumarkt AG, HORNBACH Baustoff Union GmbH, and HORNBACH Immobilien AG Subgroups in the 2023/24 reporting period are presented in detail in the Group Management Report.

Group Management Report
Business Report

6.3 Earnings, financial, and asset position

6.3.1 Earnings performance

The sales of € 1,766k (2022/23: € 1,628k) mainly result from the charging on of material and personnel expenses to affiliated companies.

At € 1.7 million, personnel expenses were higher in the 2023/24 financial year than in the previous year (€ 1.4 million). The remuneration paid by HORNBACH Management AG to the Board of Management is charged on together with other management-related expenses to HORNBACH Holding AG & Co. KGaA and recognized under other operating expenses, which amounted to € 5.6 million (2022/23: € 5.9 million).

At € -6.4 million, operating earnings (earnings before interest, income from investments, and taxes) were slightly lower than the previous year’s figure (2022/23: € -6.3 million).

Income statement of HORNBACH Holding AG & Co. KGaA pursuant to HGB (abridged version)

€ 000s	2023/24	2022/23
Sales	1,766	1,628
Other operating income	114	217
Cost of services rendered	867	895
Gross profit	**1,013**	**950**
Personnel expenses	1,723	1,351
Depreciation and amortization	25	23
Other operating expenses	5,643	5,898
Income from investments	76,765	62,610
Interest result	(1,726)	(3,577)
Taxes	9,945	8,263
Earnings after taxes	**58,716**	**44,448**
Other taxes	19	0
Annual net surplus	**58,697**	**44,448**
Profit carried forward from previous year	14,406	8,342
Net profit	**73,103**	**52,790**

Due to the increase in the income of € 49.9 million transferred from HORNBACH Immobilien AG (2022/23: € 36.2 million), income from investments rose to a total of € 76.8 million (2022/23: € 62.6 million). At € 26.8 million, the income from the investment in HORNBACH Baumarkt AG was slightly higher than in the previous year (€ 26.4 million). The interest result improved to € -1.7 million (2022/23: € -3.6 million). The increase in interest expenses due to the level of interest rates was countered by significantly higher interest income. Net income tax expenses, which comprise current and deferred taxes, amounted to € 9.9 million in the 2023/24 financial year (2022/23: € 8.3 million). At € 58.7 million, the annual net surplus at HORNBACH Holding AG & Co. KGaA was higher than the previous year's figure (€ 44.4 million).

6.3.2 Asset position

Total assets amounted to € 589.4 million as of February 29, 2024 (2022/23: € 589.6 million). The increase in non-current assets from € 489.9 million to € 511.8 million was mainly due to the increase in the shares held in HORNBACH Baumarkt AG. As a result, investments in associates rose from € 424.7 million to € 447.8 million. The decrease in receivables and other assets from € 80.4 million to € 60.0 million was mainly due to offsetting the higher volume of profit transfered against liabilities from short-term Group financing. As in the previous year, no deferred tax assets were recognized.

Shareholders' equity at HORNBACH Holding AG & Co. KGaA grew from € 386.0 million to € 405.5 million at the balance sheet date on February 29, 2024. Provisions rose from € 26.9 million to € 27.6 million. The tax provisions of € 25.9 million included therein (2022/23: € 25.7 million) also include provisions of € 20.0 million for real estate transfer tax which were stated in the 2021/22 financial year in connection with the acquisition of additional shares in HORNBACH Baumarkt AG. Chiefly as a result of the repayment of liabilities to banks, liabilities decreased to € 156.2 million (2022/23: € 176.5 million).

The company held a total of 9,193 treasury stocks at the balance sheet date on February 29, 2024 (cf. Notes to Consolidated Financial Statements, Note 21 (Shareholders' equity), and Notes to Annual Financial Statements of HORNBACH Holding AG & Co. KGaA, Note 5 (Shareholders' equity).

Balance sheet of HORNBACH Holding AG & Co. KGaA pursuant to HGB (abridged version)

Assets	2.29.2024 € 000s	2.28.2023 € 000s
Non-current assets	**511,766**	**489,855**
Receivables and other assets	60,046	80,448
Cash holdings and credit balances at banks	15,756	17,178
Current assets	**75,802**	**97,626**
Deferred tax assets	1,795	2,146
Total assets	**589,363**	**589,627**
Equity and liabilities	2.29.2024 € 000s	2.28.2023 € 000s
Shareholders' equity	405,496	385,959
Provisions	27,559	26,930
Liabilities	156,241	176,455
Deferred tax liabilities	67	283
Total equity and liabilities	**589,363**	**589,627**

6.3.3 Financial position

Information about the principles and objectives of financial management, details of financial debt, and the capital structure can be found in the Group Management Report. As of the balance sheet date, liquid funds amounts to € 15.8 million (2022/23: € 17.2 million).

Group Management Report
Business Report
Financial Position

6.4 Overall assessment of earnings, financial, and asset position of HORNBACH Holding AG & Co. KGaA

The earnings, financial, and asset position of HORNBACH Holding AG & Co. KGaA developed extremely positively in the 2023/24 financial year. At € 58.7 million, the annual net surplus was significantly higher than the previous year's figure of € 44.4 million. At 68.8% at the balance sheet date (2022/23: 65.5%), the equity ratio remained at a very high level.

6.5 Proposed appropriation of net profit

HORNBACH Holding AG & Co. KGaA concluded the 2023/24 financial year with net profit of € 73,103,393.16. The Board of Management of the General Partner proposes to appropriate the net profit as follows:

- € 2.40 dividend per share with a nominal value of € 3.00 on 15,990,807 ordinary shares
- Dividend distribution: € 38,377,936.80
- Balance carried forward: € 34,725,456.36.

6.6 Earnings forecast for HORNBACH Holding AG & Co. KGaA (annual financial statements –HGB)

The earnings performance of HORNBACH Holding AG & Co. KGaA in the forecast period is closely linked to the respective outlooks on the level of its subsidiaries HORNBACH Baumarkt AG and HORNBACH Immobilien AG. The forecast development in earnings at the HORNBACH Baumarkt AG and HORNBACH Immobilien AG Sub-groups can be expected to impact accordingly on the level of income from investments. We expect the annual net surplus for the 2024/25 financial year to be at approximately the same level as in the 2023/24 financial year (€ 58.7 million).

Risk Report

1. Key Features of Internal Control and Risk Management System

1.1 Risk management at the Group

All entrepreneurial activity directly involves opportunities and risks. Effectively managing opportunities and risks therefore represents a critical success factor in sustainably securing the value of the HORNBACH Group. The General Partner of HORNBACH Holding AG & Co. KGaA, HORNBACH Management AG, as represented by its Board of Management (hereinafter "the Board of Management"), is committed to risk-aware corporate management which accords top priority at all times to safeguarding the continued existence of the overall company and its subsidiaries. The risk management system (RMS) implemented by the Board of Management is intended to achieve ongoing enhancements in the early identification of risks with the aim of proactively managing such risks, as well as continuously optimizing the company's opportunity/risk profile.

On this basis, the Board of Management has adopted the following principles:

- No action or decision may entail any existential risk, i.e. any threat to the continued existence of the company or any of its operations.
- As a matter of principle, the Group does not enter into any risks which relate neither to its core processes nor to its support processes. Core processes involve developing and implementing the respective business models, procuring merchandise and services, location decisions, safeguarding liquidity, and developing specialist and management personnel.
- Any earnings risks entered into have to be justified by an appropriate level of expected return. The relevant key figures are based on the return on capital employed.
- Unavoidable risks have to be insured against, where this is possible and economically expedient. Residual risks have to be controlled by means of a range of risk management instruments.

1.2 Organization and process

The risk management system in place at the HORNBACH Holding AG & Co. KGaA Group forms an integral part of the company's management structure. It consists of the central components of early risk identification, controlling and planning processes, reporting and an internal control system, and is continually enhanced and optimized. Responsibility for establishing, organizing and maintaining a suitable and effective risk management system, and the internal control system in particular, lies with the Board of Management. In terms of the organization and maintenance of the system, the Board of Management is supported by the Director of Group Controlling / Risk Management. In addition to the RMS and the IKS, the Group also has a compliance management system (CMS).

The Board of Management has appointed risk managers at the Group's operations in Germany and abroad. These are charged with identifying, quantifying, and reporting risks in their areas of responsibility and managing such risks with appropriate measures. These responsibilities and accountabilities are clearly defined at the Group and reflect the corporate structure of the HORNBACH Group. When identifying and evaluating risks and determining appropriate measures to manage such risks, risk managers are supported by a central risk controller responsible for coordinating risk management processes.

A cross-departmental Risk Board to facilitate the exchange of information between risk managers was established in the 2023/24 year under report. This body meets half-yearly and is led by Group Risk Management. Its participants are the managers with responsibility for the material risks reported at the given point in time. The Risk Board shares views on the general risk situation, new risks, and significant changes in and interdependencies between the material risks report. The findings of this body are factored into reporting.

Company risk assessment categories in ascending order:

Probability of occurrence		Potential implications (in €)	
Improbable	≤ 1%	marginal	≤ 5.0 million
Rare	> 1% - ≤ 5%	moderate	> 5.0 million - ≤ 10.0 million
occasional	> 5% - ≤ 20%	noticeable	> 10.0 million - ≤ 50.0 million
possible	> 20% - ≤ 50%	severe	> 50.0 million - ≤ 100.0 million
frequent	> 50%	critical	> 100.0 million

Earnings risks are analyzed with the assistance of a risk matrix. This records both the probability of occurrence and the potential level of damages of the relevant risks. This weighted quantification then forms the basis for potential further measures to reduce the respective risks. Risks are recorded and evaluated for five years into the future. The principles and regulations underlying the risk management system are documented in the Group Risk Management Handbook. This sets out principles for the overall Group concerning the structures and processes required for the early detection of risks. Furthermore, the risk management process is supported by a standard software solution that has been implemented across the Group, which assists in recording and documenting risks and the relevant risk management measures.

Risks are updated quarterly and reported to the Board of Management. The Supervisory Board and its Audit Committee discuss the current risk situation on a half-yearly basis. Alongside this regular reporting, ad-hoc reporting structures are also in place for risks arising suddenly or any spontaneous and material change in the assessment of a risk already known. These structures have also been established in the risk management process.

The internal control system (IKS) has the function of assisting with the correct performance of business activities, the correctness and reliability of financial reporting and compliance with legal, regulatory, and internal requirements. Due account is also taken of sustainability aspects, which are continuously developed further in line with regulatory requirements. The IKS is based on standardized documentation requirements at the Group for all checks on processes and related risks which could impact materially on business activities or the financial reporting process. Relevant work instructions and handbooks are available as the basis for the internal control system.

1.3 Internal control and risk management system in respect of the (Group) financial reporting process (report pursuant to § 289 (4) and § 315 (4) HGB)

The objective of the internal control and risk management (IKS) system in respect of the financial reporting process is to identify and evaluate those risks which could prevent the consolidated financial statements, the annual financial statements, and the combined management report from conforming to the relevant requirements. Corresponding control measures and clear responsibilities are allocated for the risks thereby identified. These are intended to provide reasonable assurance of the possibility of preparing financial statements and management reports for the overall Group and consolidated companies that conform to the relevant requirements in spite of the risks thereby identified.

At the HORNBACH Holding AG & Co. KGaA Group, the existing internal control (IKS) system in respect of the financial reporting process and associated risk matrix are documented on a Group-wide basis. Country-specific features deviating from Group processes are described by the subsidiaries and added to the documentation. The appointment of IKS managers at the country companies and parent company ensures that material process changes are documented and suitable checks implemented. In this respect, IKS managers are required to submit annual declarations of conformity. The existing IKS system is continually being developed further.

Alongside defined control mechanisms, such as technical system and manual agreement processes, key elements of the internal control system include the separation of functions and the existence of guidelines and work instructions, and compliance with such. The principle of dual control is applied throughout the financial reporting process, and compliance is required with specified approval processes. Clearly defined company and management structures, clearly allocated responsibilities, and adequate regulations governing access to the information and accounting systems relevant to the financial statements based on a standard authorization concept valid for the entire Group serve to further manage and control risks. These principal control measures are integrated into financial reporting processes.

Group companies prepare their financial statements locally. They are responsible for taking due account of local requirements and compliance with Group-wide guidelines in the form of work instructions and accounting and organization handbooks, as well as for the correct reconciliation of local annual financial statements with the IFRS financial statements prepared in accordance with Group-wide uniform accounting policies. In particular, the clear instructions provided in the uniform accounting handbook in use across the Group serve to limit employees' discretionary scope in terms of the recognition, measurement and disclosure of assets and liabilities, thus reducing the risk of accounting inconsistencies within the Group.

The managers responsible for the accounting treatment of the relevant items at individual Group companies submit quarterly Group-internal declarations of completeness confirming the correctness and completeness of the respective separate financial statements. On Group level, the Group Accounting Department and Group Controlling Department perform further checks on the plausibility and ascertain the correctness of the accounting data input into the financial statements. The process of preparing consolidated financial statements is centrally coordinated by way of a specified deadline and activity plan and monitored both centrally and locally. Subsidiaries are supported by central contact partners throughout the entire financial reporting process.

Major changes to financial reporting processes due to new laws, legislative amendments, or changes in internal processes are coordinated by the Group Accounting Department and agreed prior to implementation with all managers with significant involvement in the Group financial reporting process. Specialist accounting or financial reporting issues and complex matters either involving particular risks or requiring special expertise are monitored and implemented centrally. External experts, such as chartered surveyors, are regularly consulted, particularly in order to assess the fair values of real estate for impairment tests or to measure pension provisions.

All significant processes relevant to financial reporting are uniformly portrayed across the Group in a common IT system. This complete integration of all major finance systems within a uniform IT system ensures the integrity of the data on which the separate and consolidated financial statements are based. In conjunction with the accounting handbook valid for the whole Group, the use of uniform account codes across the Group and central management of the account system ensure uniform accounting treatment of transactions of the same nature. This also serves as a basis for Group consolidation in accordance with the relevant requirements. Consolidation measures and the necessary agreement activities are performed centrally by the Group Accounting Department. The checks to be undertaken in the consolidation processes, such as the consolidation of liabilities, expenses or revenues, are performed both automatically by the IT system and manually. The risk of system breakdowns or data loss is minimized by centrally managing and monitoring all significant IT systems involved in the financial reporting process and regularly performing system back-ups.

As an integral component of the internal control system, the Group Internal Audit Department regularly audits the effectiveness of the internal control system in respect of the financial reporting process on the basis of trial samples reviewed in line with a risk-oriented audit plan. However, even suitable functional systems cannot provide absolute assurance concerning the identification and management of risks.

1.4 Overall assessment of the appropriateness and effectiveness of the internal control and risk management system

The appropriateness and effectiveness of the IKS and RMS at HORNBACH are continually reviewed by the Group Internal Audit Department. The Board of Management of HORNBACH Management AG and the Audit Committee of HORNBACH Holding AG & Co. KGaA, which is charged by the Supervisory Board with supervising the IKS and RMS, are regularly informed of the findings of these audits. The Audit Committee reports in turn to the Supervisory Board.

The Board of Management of HORNBACH Management AG is not aware of any circumstances that would indicate that the IKS and RMS are not appropriate or effective.

2. Overview of Overall Risks

As a general rule, all potential risks are identified irrespective of the extent of their potential financial implications. For reporting purposes, individual risk categories are subject to a threshold of € 5 million without accounting for countermeasures. Unless otherwise stated, the risks listed are applicable to the HORNBACH Baumarkt AG Subgroup, HORNBACH Baustoff Union GmbH Subgroup, and HORNBACH Immobilien AG Subgroup segments.

	Probability of occurrence	Potential implications
Financial risks		
Liquidity risks	rare	severe
Exchange rate risks	possible	marginal
External risks		
Macroeconomic and sector-specific risks	possible	noticeable
Natural hazards	rare	moderate
War / pandemic	rare	noticeable
Operating risks		
Location and sales risks	possible	noticeable
Procurement risks	possible	noticeable
Legal risks		
Legislative and regulatory risks	occasional	noticeable
Management and organizational risks		
IT risks	improbable	critical
Reputational risks	occasional	noticeable
Personnel risks	rare	marginal

2.1 Changes in overall risks compared with previous year

No risks have been removed or newly added since the previous year. The following risks have been newly assessed compared with the previous year:

- The assessment of the potential implications of natural hazards has been amended from "marginal" to "moderate" due to the first-time assessment of the impact of climate changes on HORNBACH's business model.
- The assessment of the potential implications of exchange rate risks has been amended from "moderate" to "marginal" due to a new internal assessment basis.

2.2 Financial risks

The Group's financial risks mainly comprise liquidity and exchange rate risks. Responsibility for managing these risks lies with the Treasury Department.

2.2.1 Liquidity risks

HORNBACH requires high volumes of liquidity to be permanently available for its ongoing expansion, acquisition of land, capital expenditure on DIY stores and garden centers, and procurement of large quantities of merchandise. In addition to the inflow of funds from the operating cash flow and working capital financing, larger-scale outlays are covered in particular by bilateral bank loans and credit lines, syndicated credit lines, promissory note bonds, and a listed bond. Please see the information provided under "Financial Position" for details as to the exact composition of financial debt.

HORNBACH counters the risk of no longer being able to obtain longer-term financing for new locations from banks or via sale and leaseback transactions due to financing conditions on the capital markets by flexibly adjusting its capital expenditure and maintaining a substantial liquidity cushion in the form of liquid funds and free credit lines. No security in the form of assets was granted in connection with the corporate bond, the syndicated credit line, or the promissory note bonds. The contractual terms nevertheless require compliance with specified bank covenants. Failure to do so may possibly result in immediate repayment being required for the funds drawn down. This would necessitate follow-up financing, which it may not be possible to obtain, or only on less favorable refinancing terms. Details of the covenants can be found in the "Financial Position" chapter of the Group Management Report. The covenants are monitored on an ongoing basis. All covenants were complied with at all times during the 2023/24 financial year. This is expected to be the case in future as well.

The information required for efficient liquidity management is provided by rolling Group financial planning with a twelve-month budgeting horizon, which is updated monthly, as well as by a daily financial forecast. The Group currently does not face any risks in connection with any follow-up financing potentially needed to cover maturing financial liabilities.

2.2.2 Exchange rate risks

In general, HORNBACH is exposed to exchange rate risks on account of its activities in countries with currencies other than the euro. Specifically, these involve Swiss francs, Czech crowns, Swedish crowns, Romanian leis, and Hong Kong dollars. Any depreciation in a foreign currency against the euro can lead to a reduction in consolidated earnings when translating the separate financial statements of foreign subsidiaries into euros, the Group's currency. These risks are not hedged at the Group as, due to ongoing business operations in the respective countries, they are covered by largely natural hedging.

Furthermore, the international business activities of the Group result in rising foreign currency requirements particularly for handling international merchandise procurement but also for financing objects of investment in foreign currencies. Any change in the exchange rate between the respective national currency and the procurement currencies (chiefly EUR and US dollars) could have a direct negative impact on earnings. Open foreign currency positions in USD are largely secured by hedging transactions (USD fixed-term and time deposits). Where possible, investments are externally financed on a long-term basis in the functional currency of the respective country company (natural hedging). Open foreign currency positions arising at the Group in EUR, which mainly relate to intragroup deliveries and services invoiced in EUR and intragroup EUR loans, are not hedged.

2.3 External risks

2.3.1 Macroeconomic and sector-specific risks

The performance of HORNBACH's DIY stores and garden centers is highly dependent on the macroeconomic situation in the EU and countries where the HORNBACH Group operates. Customer demand is significantly influenced by the overall consumer climate, which is in turn shaped by net incomes, inflation, the interest rate climate, and disposable household incomes. By consistently implementing its permanent low price guarantee, HORNBACH has basically positioned itself as a reliable partner, also for longer-term projects. Furthermore, HORNBACH offers a variety of financing options to both commercial and private customers in all the countries in which it operates. This provides an uncomplicated way to extend the payment terms for specific purchases. By continually expanding, particularly in countries outside Germany, HORNBACH is increasing its geographical risk diversification.

Moreover, geopolitical risks, changes or disruptions to the flow of goods, and developments in procurement prices influence the company's gross margin and thus its ability to finance capital expenditure from its business operations. HORNBACH counters this risk with its global procurement strategy and by distributing purchases across numerous suppliers in order to reduce dependencies and strengthen its negotiating positions.

Furthermore, the company generates a significant share of its sales with seasonal articles whose turnover may be severely affected by external factors, such as weather conditions. A spring season, for example, may be shortened by a prolonged winter or an above-average number of rainy days. This would be reflected in lower sales in the gardening division in the important first quarter of the financial year.

Changing consumer behavior and ever higher expectations in terms of a positive shopping experience, particularly in view of growing digital opportunities, harbor the risk that the products and services on offer are not up-to-date or competitive. To ensure that we always have an attractive and forward-looking position, and thus counter this risk, HORNBACH is continually investing in expanding its online shops and services within an integrated multichannel strategy.

2.3.2 Natural hazards

Business operations at and/or supplies to HORNBACH's locations may be impaired by natural catastrophes (e.g. gales, flooding) or fires. The principal insurable natural hazards and any potential interruption to operations thereby arising are covered by Group-wide insurance policies.

Furthermore, the direct and/or indirect consequences of climate changes may impact on HORNBACH's business model and/or operations at individual locations, for example due to changes required in product ranges or necessary capital expenditure on real estate.

2.3.3 War / pandemic

There is the risk that wars and pandemics will have a sustained impact on parts of public life and the retail sector, and thus adversely affect our sales, earnings, and liquidity situation. These impacts may take the form of burdens on supply chains and merchandise availability, increased energy and/or commodity prices, or restrictions to store opening hours.

In general, these risks are also countered by potential opportunities resulting from increased demand for DIY product ranges, which may lead consumers to bring purchases forward, catch up on purchases previously missed, or substitute spending on DIY for other activities.

2.4 Operating risks

2.4.1 Location and turnover risks

Investments in unsuitable locations could have a significant negative impact on the Group's earnings power. To minimize such risks, investments in new locations are therefore prepared on the basis of detailed market research analysis, with investment decisions being based on dynamic investment calculations and sensitivity analyses. The risk of unsatisfactory sales performance due to additional existing factors, such as customer behavior and the local competitive situation, can nevertheless not be excluded entirely. Ongoing investments therefore have to be made in locations, expanding customer services, and new concepts in order to maintain the company's competitiveness, especially in countries with low market growth and intense competition.

2.4.2 Procurement risks

As a retailer, HORNBACH depends on external suppliers and manufacturers. The utmost caution is exercised when selecting suppliers. Particularly when selecting private label suppliers, attention is paid to their reliability in terms of high product quality and their consistent compliance with safety and social standards at the respective companies. To avoid the loss of major suppliers, the Group has developed an efficient early warning system that monitors suppliers continuously on the basis of various quantitative and qualitative criteria. The impact of any potential supplier loss is further reduced by probing the market for alternative procurement sources at an early stage and maintaining a multi-supplier strategy. Should there be any deterioration in the macroeconomic situation, however, the risk of the Group losing suppliers and being unable to procure such products elsewhere at short notice cannot be wholly excluded.

The overall Group has several distribution centers in order to reduce the risk of any interruption to the logistics chain and optimize the supply of merchandise. In its procurement of merchandise, HORNBACH is subject, among other risks, to increasing purchasing prices for articles with high shares of crude oil, copper or steel due to volatile prices on the international commodities markets. Furthermore, higher prices for products involving energy-intensive manufacturing processes could lead to an increase in overall procurement costs, one which it might not be possible to pass on to customers in full, or only following a certain delay.

2.5 Legal risks

2.5.1 Legislative and regulatory risks

As a result of its international business activities, the HORNBACH Holding AG & Co. KGaA Group is subject to various national legislative frameworks and regulations. Legislative amendments may therefore lead to higher costs. Alongside risks such as those relating to damages claims due to infringements of patents or industrial property rights, or of damages resulting from environmental or product liability, the Group's future earnings situation may also be negatively affected in particular by any tightening up of national construction laws or regulations governing the acquisition of land. To avoid contract breaches and onerous arrangements, the company continually monitors compliance with its contractual obligations and seeks advice from internal and external legal experts for contract-related matters.

2.6 Management and organizational risks

2.6.1 IT risks

The management of the Group is crucially dependent on high-performance information technology (IT). The permanent maintenance and optimization of IT systems is performed by highly qualified internal and external experts. Unauthorized data access, the misuse or loss of data, and external attacks are averted by using appropriate up-to-date virus software, firewalls, adequate access and authorization concepts, and existing backup systems. Appropriate emergency plans are in place for unexpected breakdowns in IT systems.

2.6.2 Reputational risks

The HORNBACH brand is exposed to reputational risks in terms of potential image damage. These risks may result from negative brand signals that harm the good reputation and standing of the brand. The reputation of HORNBACH's brand among customers, investors, and the general public therefore always has implications for the level of trust they place in the brand and their resultant loyalty to HORNBACH. Causes of reputational risk include management, communications, and marketing errors towards customers, deficient advice, inadequate services, defective products, accidents, and environmental scandals.

Reputational risks may impact on the company in a variety of ways. In the retail business, they may lead to a temporary or permanent decline in demand and include the loss of customers.

2.6.3 Personnel risks

The deployment of highly motivated and qualified employees is one of the foundations for HORNBACH's success. This pillar of the corporate culture is therefore of great significance for the overall Group. Employee qualification levels are continually improved with appropriate training and development measures. Bonus models support the company in reaching its objectives. In its recruitment and retention of highly qualified specialist and management personnel, however, HORNBACH is dependent on a variety of external factors, such as overall developments on the labor market or in the sector, and is also subject to the country-specific impact of demographic changes. Moreover, in the 2023/24 financial year high inflation led to marked rises in wages and salaries that are not covered by equivalent growth in the income from business operations.

2.7 Overall assessment of risk situation

There were no risks to the continued existence of the HORNBACH Holding AG & Co. KGaA Group in the 2023/24 financial year. From a current perspective, there are also no discernible risks which, either individually or in conjunction with other risks, could endanger the continued existence of the company in future or materially and sustainably impair its earnings, financial or net asset position over several years.

Opportunity Report

The European DIY market will continue to provide HORNBACH with growth opportunities in future as well. These are to be assessed in conjunction with the risks outlined in the Risk Report and the evaluation of the future macroeconomic framework provided in the Outlook.

1. Construction: Great Need for Maintenance and Modernization

Construction work on existing buildings (refurbishment, modernization, and renovation) is a prominent factor in the business performance of DIY and garden stores. This market is being driven in particular by the following factors:

- Old building stock in Europe: In the medium and long term, the age structure of real estate in continental Europe generally indicates a growing need for maintenance and modernization. Nearly 80% of residential buildings in the European Union were built before 1991.
- Energy-efficiency renovation: One key specific motivation to modernize residential buildings is the wish to enhance their energy efficiency. The significant rise in energy costs and prospect of higher energy prices in the long term have further increased the incentives to invest in energy-efficiency renovation. Given European climate targets, there is the possibility that subsidy programs will be extended.
- Demographic changes: In view of demographic trends in Europe, there is also increasing demand for senior citizen-friendly construction solutions, such as barrier-free access to buildings and apartments, the installation of elevators, and door-widening and sanitary conversion measures.

Based on calculations by the German Institute for Economic Research (DIW), more than 77% of housing construction volumes in Germany, which totaled € 324 billion in 2023, already involved construction work on existing buildings. For 2024, the DIW expects to see a further slight increase, as rising financing costs play a subordinate role and work on existing buildings can be adapted more swiftly and easily to changes in budget restrictions. Furthermore, the reduction in new construction work can be expected to release growing capacities among tradespeople for work on existing buildings once again.

At the same time, the interest rate cuts expected in 2024 harbor potential for an increase in (new) construction activities. Given past experience, HORNBACH can basically be expected to benefit from this development as well, with this being due both to the proprietary resources available to building clients and to the company's role as a partner to professionals and trade firms.

2. Consumer Trends: Cocooning, Online Shopping, and Sustainability

Consumers now attach greater importance to their own four walls. Even after the end of the coronavirus pandemic, people are working from home for an average of around one day a week and thus spending more time at home overall (ifo 2023: Working from Home Around the Globe). Given persistently high inflation, consumers are more careful with their spending and also relocating leisure activities to their own homes in some cases (GfK Consumer Life Study 2023).

Online retail with DIY product ranges showed especially strong growth during the pandemic in 2020 and 2021. Once the coronavirus restrictions were lifted, DIY online retail contracted in 2022 and 2023. At 12.7%, the online share of total sales at the HORNBACH Group is nevertheless still significantly higher than the pre-pandemic level (2019/20: 9.6%). The German E-Commerce and Distance Selling Trade Association (bevh) expects online sales with goods to grow overall once again in the 2024 calendar year. HORNBACH has pursued an interconnected retail strategy since 2010 already and has benefited from the trend towards online shopping more clearly than its stationary competitors. Moreover, in the 2023/24 financial year HORNBACH was the first German DIY store chain to integrate an online marketplace for DIY products in the German web shop. This enables customers to select from an extended product portfolio while HORNBACH generates additional revenues from commissions.

DIY customers also increasingly value products that are both ecologically and economically sustainable and that, for example, help to save water or energy, are durable and recyclable, and thus have a small ecological footprint over the product lifecycle as well as lower running costs. Given rising energy prices, customers are focusing more closely on energy efficiency and their own energy generation. Offering a suitable selection of products, product certification, transparent product information, competent advice in this area, and environmentally-friendly packaging – these are important competitive factors.

3. New Customer Groups: Commercial Customers and DIFM

The European DIY market is characterized by a large number of different sales formats. In Germany, for example, DIY and home improvement stores only cover around half of the core DIY market. The other half of market volumes is attributable to specialist retailers (e.g. specialist tile, interior decoration, lighting, or sanitary stores), builders' merchants, and timber merchants. By offering suitable customer focus and specialist retail concepts, DIY store operators have the opportunity to acquire additional market share at the cost of other sales formats. This leads to growth opportunities with professional customers, particularly in countries in which DIY stores account for a low share of the overall DIY market.

HORNBACH’s generously proportioned stores, stocking of large quantities, rapid handling of purchases at the drive-in stores and builders’ merchant centers, and interconnected online product range, which is extensive even for professional customers, make it an attractive alternative to traditional specialist retail or wholesale procurement sources. As the HORNBACH retail format is increasingly attracting professional customers, the company has also been able to acquire manufacturers who would otherwise only supply professional specialist retailers.

HORNBACH also sees the market segment of do-it-for-me (DIFM) customers as harboring promising growth opportunities, not least given the broader context of aging populations in Germany and other parts of Europe. DIFM customers buy the products for their home improvement projects themselves, but then have the necessary work performed by tradespeople. HORNBACH cooperates at all its locations with regional trade companies that implement the projects for customers at fixed prices and assume the warranty for these projects. Furthermore, in the 2023 financial year HORNBACH also acquired Seniovo GmbH, a start-up specializing in barrier-free bathroom conversion work. Seniovo’s business model offers additional opportunities by addressing relevant customer groups in a targeted manner and thanks to the high efficiency resulting from serial refurbishment work and the high degree of digitalization of its project handling.

4. Digitalization: ICR and Automated Processes

HORNBACH Baumarkt AG Group has forged consistently ahead with digitalizing its business model and its transformation into an interconnected retail (ICR) business. Thanks to these efforts, HORNBACH has sustainably boosted its competitive position within the DIY sector and made the whole company fit for the future.

HORNBACH expects the ongoing digitalization of store organization, sales activities, and the associated dovetailing of these processes with procurement and logistics to sustainably benefit the Group's sales and earnings performance. In digitalizing our supply chains, the key focus is on reducing or eliminating manual work steps by automating procurement, provision, and data processing. HORNBACH is particularly looking into using artificial intelligence (AI) to improve process control and identify sales opportunities by analyzing products and services.

HORNBACH has equipped all sales staff at our stores with mobile multifunction devices, thus significantly reducing their manual work steps and movements and enabling them to spend more time advising customers. The self-service checkouts serve the same purpose, as does the self-scanning function, which enables customers to scan their articles while shopping already and speeds up the payment process at the checkout, particularly for larger-scale purchases. Furthermore, HORNBACH's German online shop was extended in the 2023 financial year to include a curated marketplace. By integrating external sellers, HORNBACH is taking targeted steps to extend the product range and able to offer an even more attractive breadth and depth of products to our customers. Moreover, HORNBACH is continually expanding online services, for example by adding product configurators.

Administration functions are also benefiting from the advancing automation of processes and use of AI. Not only that: employees at all our administration locations have the option of flexible mobile work.

In the year under report, HORNBACH also began work on establishing an IT hub in Bucharest (Romania). This is intended to boost Group-wide development expertise and enable HORNBACH to attract well-trained IT experts in Romania.

5. Expansion in Europe

The expansion into other European countries will provide HORNBACH with additional growth prospects in future as well due to greater sales potential, higher profitability, and the better distribution of regional market risks. Furthermore, the internationalization of group procurement provides HORNBACH with broad access to global procurement markets and enables us to build strategic, long-term partnerships with our suppliers and industry. The proximity of suppliers to procurement structures in individual countries means that the product selection can be optimally adapted to regional requirements and improve margins due to benefits of scale.

6. Explanatory Comments on the Risk and Opportunity Report of HORNBACH Holding AG & Co. KGaA

The risks and opportunities at HORNBACH Holding AG & Co. KGaA are largely consistent with those presented for the HORNBACH Holding AG & Co. KGaA Group.

Outlook

1. Macroeconomic and Sector-Specific Framework

One crucial factor for the business prospects of the HORNBACH Group is the future development in consumer demand and in construction and renovation activity in the countries in which the company operates. Not only that, exceptional weather conditions can severely impact on consumer behavior and on our seasonal business, even though this factor cannot be accounted for in our advanced planning. Furthermore, economic and geopolitical crises may significantly impact on our company's business performance.

1.1 Business framework in Europe

Upon the preparation of this report, Germany’s leading economic research institutes (Joint Economic Forecast) expected economic output in the EU 27 countries to grow by 0.9% and inflation to ease to 2.5% in the 2024 calendar year. A turnaround in interest rate policy is apparent for the euro area from the early summer. The institutes expect the ECB to gradually reduce the base rate from June down to 2.15% (main refinancing rate) by spring 2025. Overall, higher real-term incomes should boost private consumer spending and revive the economy as the year progresses. However, neither Europe nor the euro area is expected to witness a strong economic upturn in 2024.

For the European construction sector, ING Bank has forecast a slight reduction in production output (-0.5%) and new construction volumes. By contrast, the renovation sector (including energy efficiency measures) is expected to benefit from a structural rise in demand.

1.2 Business framework in Germany

For Germany, the economic research institutes expect the country’s gross domestic product to grow by 0.1% and inflation to decline to 2.3% in the 2024 calendar year. The robust overall shape of the labor market is helping to stabilize economic developments, particularly on the level of private consumer spending, which is expected to expand by 0.9% in the current year. Housing construction is initially expected to see further downturns, not least due to the ongoing high level of financing costs. This sector is only expected to stabilize at the end of the year.

The BHB, the DIY sector association, sees construction work on existing buildings, i.e. renovation, refurbishment, and repairs, as harboring growth potential for the current year as well. In particular, product ranges for people new to the activity are expected to gain in significance in 2024, as are innovative products aimed at making home improvement easier and less expensive for non-experts.

2. Forecast Business Performance in 2024/25

2.1 Expansion and capital expenditure

In the one-year forecast period, the Group will continue to focus on expanding and modernizing its store network and on further developing the online shops and range of services for DIY and commercial customers in its existing country markets. One new store opening is planned for the 2024/25 financial year and is scheduled to take place at the beginning of the 2025 calendar year. The DIY store and garden center in Nuremberg (Germany), which was closed in November 2023, is currently being newly built at the same location and is expected to reopen in February 2025.

Outflows for capital expenditure (CapEx) at the HORNBACH Group in the 2024/25 financial year are expected to be at around the same level as in the 2023/24 financial year (€ 192.6 million). The overwhelming share of these funds is to be channeled into building new stores, plant and office equipment at new and existing stores, converting and extending existing stores, and IT infrastructure.

2.2 Sales performance

Sales at the overall HORNBACH Holding AG & Co. KGaA Group in the 2024/25 financial year are expected to slightly exceed the figure for the 2023/24 financial year (€ 6,161 million). We expect the start to the spring season, which due to weather conditions was stronger than in the year under report, to have a positive overall impact on the sales performance and gross profit in the first quarter. The macroeconomic climate nevertheless remains challenging and a significant recovery in consumer confidence is currently not foreseeable. For the further course of the year, the company therefore does not expect to see any substantial sales growth compared with the year under report.

2.3 Earnings performance

The HORNBACH Group aims to generate adjusted EBIT at around or slightly higher than the level reported for the 2023/24 financial year (€ 254.2 million). The gross margin is expected to stabilize at the higher level achieved at the end of the 2023/24 financial year and thus to improve overall compared with the year under report.

Despite continued cost discipline, further cost increases are expected to arise, a substantial part of which result from the adjustments made to wages and salaries in the wake of the previous year's high rate of inflation. Furthermore, capital expenditure on innovations and IT infrastructure and growing regulatory requirements are expected to contribute to a further slight increase in central expenses.

The company has changed its own definition for qualified comparative earnings guidance figures from the 2024/25 financial year: Based on the new definition, "at the level of the year under report" refers to a change of -5% to +5%, "slight" corresponds to changes of +/-5% to +/-12%, while "significant" designates changes of >+/-12%. The definitions used to describe changes in sales are unamended.

Other Disclosures

1. Disclosures under § 315a and § 289a HGB and Explanatory Report of the Board of Management

As the parent company of the HORNBACH Holding AG & Co. KGaA Group, HORNBACH Holding AG & Co. KGaA participates in an organized market as defined in § 2 (7) of the German Securities Acquisition and Takeover Act (WpÜG) by means of the shares with voting rights thereby issued and therefore reports in accordance with § 315a and § 289a of the German Commercial Code (HGB).

1.1 Composition of share capital

The share capital of HORNBACH Holding AG & Co. KGaA, amounting to € 48,000,000.00, is divided into 16,000,000 ordinary bearer shares with a prorated amount in the share capital of € 3.00 per share. Each no-par ordinary share entitles its holder to one vote at the Annual General Meeting. Reference is made to the relevant requirements of stock corporation law in respect of the further rights and obligations for ordinary shares.

The company held a total of 9,193 treasury stocks at the balance sheet date on February 29, 2024 (cf. Notes to Consolidated Financial Statements, Note 21 (Shareholders' equity), and Notes to Annual Financial Statements of HORNBACH Holding AG & Co. KGaA, Note 5 (Shareholders' equity).

1.2 Direct or indirect shareholdings

Based on the voting right notifications received pursuant to the German Securities Trading Act (WpHG), the following parties directly or indirectly hold more than 10% of the voting rights:

- Hornbach Familien-Treuhandgesellschaft mbH, Annweiler am Trifels, Germany, 37.50%
- Finda Oy, Helsinki, Finland, 12.64%.

1.3 Statutory requirements and provisions in Articles of Association relating to appointment and dismissal of members of Board of Management and amendments to Articles of Association

HORNBACH Holding AG & Co. KGaA does not have a Board of Management. The business activities of HORNBACH Holding AG & Co. KGaA are managed by its General partner, Hornbach Management AG, which has a three-member Board of Management. These are appointed by the Supervisory Board of Hornbach Management AG. The Supervisory Board of a KGaA has no personnel-related competence for the Board of Management of the General Partner. Amendments to the Articles of Association are governed by the legal requirements referred to in § 278 of the German Stock Corporation Act (AktG).

1.4 Change of control

Various financing agreements concluded by HORNBACH Holding AG & Co. KGaA with lending banks and capital market creditors include provisions governing the event of a change of control. In such event, these provisions entitle the creditors to terminate the respective facilities and request premature repayment. The clauses are consistent with customary market practice. There are no other material agreements containing change of control components.

2. Corporate Governance Statement pursuant to § 315d HGB and § 289f HGB

The Corporate Governance Statement requiring submission pursuant to § 315d and § 289f of the German Commercial Code (HGB) is available on our website (www.hornbach-holding.de/en/company/corporate-governance). Pursuant to § 317 (2) Sentence 6 HGB, the contents of the disclosures made pursuant to § 315d HGB and § 289f HGB are not included in the audit by the auditor.

3. Dependent Company Report

A report on relationships with associate companies has been compiled for the 2023/24 financial year pursuant to § 312 of the German Stock Corporation Act (AktG). With regard to those transactions requiring report, the report states: "Our company has received adequate counterperformance for all legal transactions executed with the controlling company or any associate of such or at the instigation or on behalf of any of these companies in accordance with the circumstances known to us at the time at which the legal transactions were performed. No measures were taken or omitted at the instigation of or on behalf of the controlling company or any associate of such."

Non-Financial Report

Listed companies are required by § 289b and § 289c of the German Commercial Code (HGB) to report once a year on the impact of their business activities on environmental, social, and employee concerns, compliance with human rights, measures to combat corruption and bribery, and material associated risks. HORNBACH Holding AG & Co. KGaA has submitted a non-financial Group report for the 2023/24 financial year pursuant to § 315b HGB. This will be published at the same time as the Annual Report on the company's homepage and in the Companies Register (www.hornbach-holding.de/en/investor-relations/reports-presentations).

Neustadt an der Weinstrasse, May 15, 2024

HORNBACH Holding AG & Co. KGaA
represented by the General Partner HORNBACH Management AG,

Albrecht Hornbach   Karin Dohm   Erich Harsch

DISCLAIMER: Our combined management report should be read in conjunction with the audited financial data of the HORNBACH Holding AG & Co. KGaA Group and the disclosures made in the notes to the consolidated financial statements, which can be found in other sections of this Annual Report. It contains statements referring to the future based on assumptions and estimates made by HORNBACH's management. 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 for 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.

CONSOLIDATED FINANCIAL STATEMENTS

Income Statement of HORNBACH Holding AG & Co. KGaA Group

for the Period from March 1, 2023 to February 29, 2024

	Notes	2023/24 € 000s	2022/23 € 000s	Change %
Sales	1	6,160,886	6,263,133	(1.6)
Cost of goods sold	2	4,076,255	4,172,643	(2.3)
Gross profit		**2,084,631**	**2,090,490**	**(0.3)**
Selling and store expenses	3/10	1,576,274	1,561,170	1.0
Pre-opening expenses	4/10	6,136	6,807	(9.9)
General and administration expenses	5/10	297,449	280,947	5.9
Other income and expenses	6/10	21,002	16,935	24.0
Earnings before interest and taxes (EBIT)		**225,774**	**258,501**	**(12.7)**
Other interest and similar income		10,189	5,598	82.0
Other interest and similar expenses		56,168	50,265	11.7
Other financial result		(470)	4,457	>-100
Net financial expenses	**7**	**(46,449)**	**(40,210)**	**15.5**
Consolidated earnings before taxes		**179,325**	**218,291**	**(17.9)**
Taxes on income	8	47,638	50,458	(5.6)
Consolidated net income		**131,687**	**167,833**	**(21.5)**
of which: income attributable to shareholders of HORNBACH Holding AG & Co. KGaA		125,140	157,074	(20.3)
of which: non-controlling interests		6,547	10,760	(39.2)
Basic/diluted earnings per share (€)	**9**	**7.83**	**9.83**	**(20.3)**

Statement of Comprehensive Income of the HORNBACH Holding AG & Co. KGaA Group

for the Period from March 1, 2023 to February 29, 2024

	Notes	2023/24 € 000s	2022/23 € 000s
Consolidated net income		**131,687**	**167,833**
Actuarial gains and losses on defined benefit plans	24/25	(6,334)	11,808
Deferred taxes on actuarial gains and losses on defined benefit plans		926	(1,835)
Other comprehensive income that will not be recycled at a later date		**(5,408)**	**9,973**
Measurement of derivative financial instruments (cash flow hedge)			
Measurement of derivative hedging instruments directly in equity [1]	32/33	0	274
Gains and losses from measurement of derivative financial instruments transferred to profit or loss		0	92
Exchange differences arising on the translation of foreign subsidiaries		(10,735)	18,483
Deferred taxes on other comprehensive income	8	0	(54)
Other comprehensive income that will possibly be recycled at a later date		**(10,735)**	**18,795**
Total comprehensive income		**115,545**	**196,601**
of which: attributable to shareholders of HORNBACH HOLDING AG & Co. KGaA		109,706	183,526
of which: attributable to non-controlling interest		5,839	13,076

[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 of the HORNBACH Holding AG & Co. KGaA Group

Assets	Notes	2.29.2024 € 000s	2.28.2023 € 000s
Non-current assets			
Intangible assets	11	55,938	24,302
Property, plant, and equipment	12	1,829,862	1,806,109
Investment property	12	26,345	25,944
Right-of-use assets	13	757,437	819,626
Financial assets	14	212	162
Other non-current receivables and assets	15	7,997	6,803
Deferred tax assets	16	40,698	35,051
		2,718,489	**2,717,997**
Current assets			
Inventories	17	1,195,655	1,382,348
Trade receivables	18	47,616	57,185
Contract assets	18	1,567	2,023
Other current assets	18	115,707	105,444
Income tax receivables	27	27,501	20,911
Cash and cash equivalents	19	370,253	436,976
Non-current assets held for sale	20	286	2,881
		1,758,585	**2,007,768**
		4,477,074	**4,725,765**

Equity and liabilities	Notes	2.29.2024 € 000s	2.28.2023 € 000s
Shareholders' equity	**21**		
Share capital		47,972	47,979
Capital reserve		130,488	130,488
Revenue reserves		1,669,520	1,596,895
Equity of shareholders of HORNBACH HOLDING AG & Co. KGaA		**1,847,980**	**1,775,362**
Non-controlling interests		100,124	121,700
		1,948,104	**1,897,061**
Non-current liabilities			
Non-current financial debt	23	595,185	552,135
Non-current lease liabilities	23	786,672	826,588
Pensions and similar obligations	24	5,260	144
Deferred tax liabilities	16	25,976	33,627
Other non-current liabilities	25/28	55,274	50,041
		1,468,367	**1,462,535**
Current liabilities			
Current financial debt	23	90,429	300,734
Current lease liabilities	23	100,487	100,800
Trade payables	26	399,607	384,654
Liabilities from reverse factoring program	26	149,107	250,016
Contract liabilities	26	45,131	49,477
Other current liabilities	26	115,003	116,605
Income tax liabilities	27	29,406	35,196
Other provisions and accrued liabilities	28	131,432	128,687
		1,060,602	**1,366,169**
		4,477,074	**4,725,765**

Statement of Changes in Equity of the HORNBACH Holding AG & Co. KGaA Group

2022/23 financial year € 000s	Notes	Share capital	Capital reserve	Hedging reserve	Cumulative currency translation	Other revenue reserves	Equity attributable to share-holders	Non-controllin g interests	Total group equity
Balance at March 1, 2022		**48,000**	**130,373**	**(312)**	**35,775**	**1,416,470**	**1,630,307**	**130,995**	**1,761,302**
Consolidated net income						157,074	157,074	10,760	167,833
Actuarial gains and losses on defined benefit plans, net after taxes	24/25					9,196	9,196	777	9,973
Measurement of derivative financial instruments (cash flow hedge), net after taxes	32/33			312			312		312
Exchange differences arising on the translation of foreign subsidiaries					16,944		16,944	1,539	18,483
Total comprehensive income				**312**	**16,944**	**166,270**	**183,526**	**13,076**	**196,601**
Dividend distribution	22					(38,400)	(38,400)	(2,564)	(40,964)
Treasury stock transactions	21	(21)	115			(589)	(495)		(495)
Acquisition of shares of a subsidiary without change of control	21				840	(416)	424	(19,806)	(19,382)
Balance at February 28, 2023		**47,979**	**130,488**	**0**	**53,559**	**1,543,335**	**1,775,362**	**121,700**	**1,897,061**

2023/24 financial year **€ 000s**	Notes	Share capital	Capital reserve	Cumulative currency translation	Other revenue reserves	Equity attributable to share-holders	Non-controlling interests	Total group equity
Balance at March 1, 2023		**47,979**	**130,488**	**53,559**	**1,543,335**	**1,775,362**	**121,700**	**1,897,061**
Consolidated net income					125,140	125,140	6,547	131,687
Actuarial gains and losses on defined benefit plans, net after taxes	24/25				(5,070)	(5,070)	(338)	(5,408)
Exchange differences arising on the translation of foreign subsidiaries				(10,364)		(10,364)	(370)	(10,735)
Total comprehensive income				**(10,364)**	**120,070**	**109,706**	**5,839**	**115,545**
Dividend distribution	22				(38,384)	(38,384)	(2,248)	(40,631)
Treasury stock transactions	21	(7)			(760)	(767)		(767)
Acquisition of shares of a subsidiary without change of control	21			1,074	989	2,063	(25,166)	(23,103)
Balance at February 29, 2024		**47,972**	**130,488**	**44,269**	**1,625,251**	**1,847,980**	**100,124**	**1,948,104**

Cash Flow Statement of the HORNBACH Holding AG & Co. KGaA Group

	Notes	2023/24 € 000s	2022/23 € 000s
Consolidated net income		**131,687**	**167,833**
Depreciation and amortization of property, plant, and equipment and intangible assets	10	122,033	122,706
Depreciation of right-of-use assets	13	152,971	130,280
Change in provisions		2,684	(1,951)
Gains/losses on disposals of non-current assets and of non-current assets held for sale		(4,213)	(851)
Change in inventories, trade receivables and other assets		186,649	(175,668)
Change in trade payables and other liabilities		(92,465)	197,386
Other non-cash income/expenses		(44,437)	(14,290)
Cash flow from operating activities		**454,910**	**425,446**
Proceeds from disposal of non-current assets and of non-current assets held for sale		10,266	5,484
Payments for investments in property, plant, and equipment		(152,023)	(188,144)
Payments for investments in intangible assets		(18,491)	(15,271)
Payments for investments in financial assets		(50)	(50)
Payments for acquisitions of shareholdings and other business units		(22,047)	0
Cash flow from investing activities		**(182,346)**	**(197,981)**
Dividends paid	22	(40,631)	(40,964)
Proceeds from taking up long-term debt	23	77,263	245,000
Repayment of long-term debt	23	(238,645)	(26,154)
Repayment of current and non-current lease liabilities	23	(106,722)	(103,111)
Payments for transaction costs		0	(300)
Change in level of shareholding in subsidiary with no change in control		(23,081)	(209,607)
Cash flow from financing activities		**(331,816)**	**(135,137)**
Cash-effective change in cash and cash equivalents		(59,252)	92,328
Change in cash and cash equivalents due to changes in exchange rates		(2,551)	2,465
Cash and cash equivalents at March 1		427,055	332,262
Cash and cash equivalents at balance sheet date		**365,252**	**427,055**

In addition to cash on hand, credit balances at banks, and other short term deposits totaling € 370,253k (2022/23: € 436,976k), cash and cash equivalents also include current account overdraft liabilities of € 5,001k (2022/23: € 9,921k). The other non-cash income/expenses item mainly relates to deferred taxes, the updating of financing expenses deferred using the effective interest method, expenses for interest deferrals, write-ups on non-financial non-current assets, non-cash income/expenses for leases, and unrecognized exchange rate differences.

The cash flow from operating activities was reduced by income tax payments of € 69,660k (2022/23: € 80,379k) and interest payments of € 56,723k (2022/23: € 48,425k) and increased by interest received of € 10,189k (2022/23: € 5,598k). Of interest payments, € 30,724k (2022/23: € 29,265k) involved interest paid on leases. Furthermore, the cash flow from operating activities also includes effects resulting from use of the reverse factoring program. The liabilities of € 149,107k (2022/23: € 250,016k) from the reverse factoring program form part of the regular business cycle. They are therefore still deemed to be of an operating nature.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Explanatory Notes on Accounting Policies

Information about the company

HORNBACH Holding AG & Co. KGaA, whose legal domicile is at Le Quartier Hornbach 19, Neustadt an der Weinstrasse, Germany, and its subsidiaries develop and operate DIY megastores with garden centers on an international basis. In addition, HORNBACH Holding AG & Co. KGaA and its subsidiaries are active on a regional level in the professional construction materials and builders' merchant business. The company is entered in the Commercial Register (No. HRB 64616) at Ludwigshafen am Rhein District Court. Shares in HORNBACH Holding AG & Co. KGaA are listed in the Prime Standard and traded under ISIN DE0006083405 on the Xetra and Frankfurt am Main stock exchanges.

HORNBACH Holding AG & Co. KGaA and its subsidiaries are included in the consolidated financial statements of HORNBACH Management AG. The consolidated financial statements and Group management report of HORNBACH Management AG are published in the Companies Register.

Basis of preparation

In line with § 315e (1) of the German Commercial Code (HGB), HORNBACH Holding AG & Co. KGaA prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as requiring mandatory application in the European Union. New IFRS are only applied following their endorsement by the European Union. Application has been made of all IFRS and pronouncements of the International Financial Reporting Interpretations Committee (IFRIC) with binding effect for the 2023/24 financial year. The consolidated financial statements and Group management report of HORNBACH Holding AG & Co. KGaA are published in the Companies Register.

The financial year of HORNBACH Holding AG & Co. KGaA and thus of the Group runs from March 1 of each year through to the final day of February of the following year.

The income statement, statement of comprehensive income, balance sheet, cash flow statement, and statement of changes in equity are presented separately in the consolidated financial statements. To enhance clarity, individual income statement and balance sheet items have been grouped together. These items are reported separately in the notes. In line with IAS 1 "Presentation of Financial Statements", a distinction is made in balance sheet reporting between non-current and current debt capital. Debt items are treated as current if they are due within one year.

The consolidated financial statements have been compiled in euros. This represents the functional currency at HORNBACH Holding AG & Co. KGaA. The figures have been rounded to the nearest thousand or million euros. Such rounding up or down may result in discrepancies between the figures depicted in the various sections of these notes.

The General Partner HORNBACH Management AG prepared the consolidated financial statements of HORNBACH Holding AG & Co. KGaA and approved them for publication on May 15, 2024. The period in which adjusting events could be accounted for thus expired as of this date.

Changes to accounting policies due to new accounting requirements

The following policies require mandatory application from the 2023/24 financial year onwards:

- Amendments to IAS 1 “Presentation of Financial Statements” and IFRS Practice Statement 2 – Disclosure of Accounting Policies
- Amendments to IAS 8 “Accounting Policies, Changes in Estimates and Errors” – Definition of Accounting Estimates
- Amendments to IAS 12 “Income Taxes – Deferred Tax Related to Assets and Liabilities from a Single Transaction”
- Amendment to IAS 12 “International Tax Reform” – Pillar Two Model Rules
- IFRS 17 “Insurance Contracts” (including amendments to standard)
- Amendments to IFRS 17 “Insurance Contracts” – Initial Application of IFRS 17 and IFRS 9 – Comparative Information

Reference is made to Note 8 for information on the implications of the “Pillar Two Model Rules”. Furthermore, the statement of deferred taxes for the previous year has been amended in Note 16 to account for the amendments to IAS 12.

The policies requiring application for the first-time in the 2023/24 financial year did not otherwise have any material implications for the consolidated financial statements of HORNBACH Holding AG & Co. KGaA.

Standards and interpretations not applied prematurely

The IASB and the IFRS IC have issued new standards, revisions to existing standards, and interpretations which only require mandatory application in later financial years and which the HORNBACH Holding AG & Co. KGaA Group has also not applied prematurely.

The following provisions require mandatory application from the 2024/25 financial year:

- Amendments to IAS 1 “Presentation of Financial Statements“ – Classification of Liabilities as Current or Non-Current and postponement of effective date
- Amendments to IAS 1 “Presentation of Financial Statements” – Non-Current Liabilities with Covenants
- Amendments to IFRS 16 “Leases” – Lease Liability in a Sale and Leaseback

These requirements are not expected to have any material implications for the consolidated financial statements of HORNBACH Holding AG & Co. KGaA.

The following requirements had been published by the International Accounting Standards Board as of the balance sheet date but not yet endorsed by the European Union:

- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IAS 21 “Lack of Exchangeability”
- IFRS 18 “Presentation and Disclosure in Financial Statements”

The implications of IFRS 18 are currently being reviewed. If endorsed, the other new requirements are currently not expected to have any material implications for the Group’s asset, financial, and earnings position.

Consolidation principles

The annual financial statements of the companies included in the consolidated financial statements are based on uniform recognition and measurement principles. The separate financial statements of the companies included in the consolidated financial statements have been prepared as of the balance sheet date for the consolidated financial statements. Subsidiaries have been included in the consolidated financial statements in accordance with IFRS 10.

Business combinations have been recognized using the purchase method. Any resultant debit differences have been recognized as goodwill. This is tested for impairment in the event of any indication of such and at least once a year.

Any change in the level of shareholding held in a fully consolidated company not leading to a change of status is recognized as an equity transaction.

Intercompany sales, income and expenses, and receivables and liabilities between the consolidated companies have been offset against each other. Where material, intercompany profits have been eliminated. Within equity, minority interests in subsidiaries have been recognized separately from Group equity.

Scope of consolidation

The assessment as to whether a subsidiary is fully consolidated in the consolidated financial statements of HORNBACH Holding AG & Co. KGaA is based on an assessment of control-related factors. Control over a subsidiary exists when HORNBACH can directly or indirectly influence the relevant activities of the subsidiary and when it is exposed to variable returns from the subsidiary or is entitled to such. Furthermore, control enables the level of returns to be influenced. HORNBACH generally acquires this right when it holds a majority of the voting rights. Where this is not the case, other contractual arrangements may lead to HORNBACH gaining control. Subsidiaries are fully consolidated in the consolidated financial statements of HORNBACH Holding AG & Co. KGaA on the date on which control is gained. Should any circumstances or facts indicate a change in the control relationship, then a reassessment is performed. Interests in companies not included in the scope of consolidation have been recognized at fair value or, where this cannot be reliably determined, at amortized cost. There were no interests in companies requiring recognition at equity at the balance sheet date.

In addition to HORNBACH Holding AG & Co. KGaA, the consolidated financial statements include 19 domestic and 46 foreign subsidiaries by way of full consolidation.

HORNBACH Holding AG & Co. KGaA is the sole shareholder in HORNBACH Immobilien AG and HORNBACH Baustoff Union GmbH and the majority shareholder with a 93.7% stake in HORNBACH Baumarkt AG (2022/23: 92.1%). Further information about direct and indirect voting rights has been presented in the “Consolidated shareholdings” overview. The following subsidiaries made full use of the exemption provided for in § 264 (3) of the German Commercial Code (HGB) in the 2023/24 financial year:

- HORNBACH Baustoff Union GmbH, Neustadt/Weinstrasse
- Union Bauzentrum HORNBACH GmbH, Neustadt/Weinstrasse
- Ruhland-Kallenborn & Co. GmbH, Neustadt/Weinstrasse
- Robert Röhlinger GmbH, Neustadt/Weinstrasse

The HORNBACH Baumarkt AG subsidiary compiles its own consolidated financial statements together with its own subsidiaries. The companies consolidated there are included in the consolidated financial statements of HORNBACH Holding AG & Co. KGaA.

Changes in the scope of consolidation
The shareholding held in HORNBACH Baumarkt AG was increased from 92.1% to 93.7% in the current financial year.

HORNBACH Baumarkt AG Subgroup
HORNBACH IT Hub Romania SRL, Domnesti (Romania), and HORNBACH Logistic Romania SRL, Domnesti (Romania), were founded and included in the consolidated financial statements for the first time in the 2023/24 financial year.

Furthermore, CKKD 530 GmbH & Co. KG, Regensburg (Germany), and CKKD 530 Verwaltung GmbH, Regensburg (Germany), were acquired for purchase prices of € 2k and € 25 respectively and included in the consolidated financial statements for the first time in the 3rd quarter. The companies thereby acquired currently do not have any economic activities and therefore do not constitute a business as defined in IFRS 3.

The aforementioned changes in the scope of consolidation in the 2023/24 financial year did not have any material implications for the Group's asset, financial, or earnings position.

Furthermore, to strengthen its service offering HORNBACH Baumarkt AG indirectly acquired 100% of the shares in Seniovo GmbH, Berlin (Germany), a startup specializing in barrier-free bathroom conversion work, together with its subsidiary Seniovo Bau GmbH, Berlin (Germany), in the 2023/24 financial year. This company holds treasury stock corresponding to 7.78% of its shares. Its business operations were taken over, including its assets and individual liabilities. The transaction therefore constitutes a business combination. Control was gained by acquisition of the shares on December 1, 2023. From this time, the assets and liabilities thereby acquired have been included in the consolidated financial statements of HORNBACH Holding AG &Co. KGaA.

For reasons of time, the measurement of the assets and liabilities taken over (including customer relationships, brands, and deferred taxes) has not yet been completed. There are no material variances between the gross values and the carrying amounts of the receivables.

It is assumed that the goodwill to be stated for tax purposes will be fully deductible for income tax purposes. The assessment of the tax presentation of the transaction has not yet been finalized; this factor may therefore still have implications.

Acquisition-related costs of € 507k were incurred for the transaction. The consideration transferred includes outstanding purchase price payments of € 825k which mainly mature in 2026. The purchase price was settled with liquid funds.

The following assets and liabilities were taken over due to the acquisition:

Fair value (€ 000s)	Additions 2023/24
Intangible assets	6
Property, plant, and equipment	67
Inventories	131
Trade receivables	553
Other assets	164
Deferred tax assets	3,206
Total assets	**4,127**
Trade payables	450
Other liabilities	290
Total liabilities	**740**
Net assets	**3,387**
Consideration	**22,872**
Goodwill	**19,485**

From the date of its full consolidation, the acquired business operation contributed € 1,296k to sales and € -547k to earnings after taxes. Consolidation of the business operation from the beginning of the financial year would have increased consolidated sales by around € 4,717k and reduced earnings after taxes by around € 2,479k.

Goodwill relates in particular to the employees thereby taken over and the future growth potential of the acquired business operations following their integration within the Hornbach Baumarkt Group.

HORNBACH Immobilien AG Subgroup
The following companies were removed by way of liquidation from the scope of consolidation in the 2023/24 year under report: HO Immobilien Omega GmbH, HR Immobilien Rho GmbH, HC Immobilien Chi GmbH. These companies had their legal domicile in Wiener Neudorf, Austria.

The aforementioned changes to the scope of consolidation in the 2023/24 financial year did not have any material implications for the Group’s asset, financial, and earnings position.

HORNBACH Baustoff Union GmbH Subgroup
No changes arose in the scope of consolidation of the HORNBACH Baustoff Union GmbH Subgroup in the 2023/24 financial year.

In the previous year, Union Bauzentrum HORNBACH GmbH extended its network of outlets as of July 1, 2022 by taking over a group of builders' merchant companies comprising L&B Baustoffhandel GmbH & Co. KG, Saarbrücken, BSG Baustoff-Service Gesellschaft mbH, Saarbrücken, BS Baustoffe GmbH, Saarlouis, and BS-Spezialbaustoffe GmbH, Saarbrücken-Gersweiler, together with their subsidiaries, in the context of an asset deal. This did not involve the takeover of any legal entities, but rather exclusively of business operations, including the respective assets and individual liabilities. The transaction therefore constitutes a business combination, with control being gained due to the acquisition of assets and liabilities. From this time, the assets and liabilities thereby acquired have been included in the consolidated financial statements of HORNBACH Holding AG & Co. KGaA.

The intangible assets include the customer bases thereby taken over. The property, plant and equipment included in consolidation mainly involve location properties, as well as plant and office equipment. Other liabilities include future payments of € 900k due to an earn-out agreement. The amount of any payments made in connection with the earn-out agreement is mainly based on the business performance (EBIT) of the business operations thereby taken over in the three financial years subsequent to the acquisition. The management still assumes that the business operations taken over will achieve the contractually agreed target (EBIT) and has therefore accounted for the potential maximum amount of earn-out obligation.

Goodwill particularly relates to the employees thereby taken over and to the future growth potential of the business operations taken over following their integration within Union Bauzentrum HORNBACH GmbH.

The fair values of the assets and liabilities thereby taken over have been calculated on the basis of the respective contracts and the opening balance sheets available to us as of the acquisition date, as well as by reference to valuations performed by independent third parties. The purchase price allocation (PPA) was completed in the 2023/24 year under report.

The acquisition resulted in the takeover of the following assets and liabilities:

Fair value (€ 000s)	Additions 2023/24
Intangible assets	3,937
Property, plant, and equipment	6,265
Right-of-use assets	303
Inventories	4,021
Total assets	**14,526**
Lease liabilities	303
Other liabilities	1,204
Total liabilities	**1,507**
Net assets	**13,019**
Consideration	**16,442**
Goodwill	**3,423**

The development in the scope of consolidation was as follows:

	2023/24	2022/23
March 1	**63**	**63**
Companies consolidated for the first time	6	0
Companies wound up	3	0
February 28	**66**	**63**

Consolidated shareholdings

Company name and domicile	Shareholding in %	Equity[1] in thousands, local currency	Local currency
Germany			
HORNBACH Baumarkt AG, Bornheim	93.7[2]	858,438	EUR
HORNBACH Immobilien AG, Bornheim	100[2]	138,661	EUR
HORNBACH International GmbH, Bornheim	100	106,019	EUR
HORNBACH Beteiligungen GmbH, Bornheim	100[2]	7,809	EUR
AWV-Agentur für Werbung und Verkaufsförderung GmbH, Bornheim	100	26	EUR
HORNBACH Baustoff Union GmbH, Neustadt/Weinstrasse	100[2]	71,527	EUR
Union Bauzentrum Hornbach GmbH, Neustadt/Weinstrasse	100	26,556	EUR
Ruhland-Kallenborn & Co. GmbH, Neustadt/Weinstrasse	100	13,631	EUR
Robert Röhlinger GmbH, Neustadt/Weinstrasse	100	3,141	EUR
HB Reisedienst GmbH, Bornheim	100	7,474	EUR
BODENHAUS GmbH, Essingen	100	(788)	EUR
HORNBACH Versicherungs-Service GmbH, Bornheim	100	756	EUR
HORNBACH Forst GmbH, Bornheim	100	(547)	EUR
HIAG Immobilien Jota GmbH, Bornheim	100	(278)	EUR
HIAG Grundstücksentwicklungs GmbH, Neustadt/Weinstrasse	100	1,419	EUR
Seniovo GmbH, Berlin	100	4,542	EUR
Seniovo Bau GmbH, Berlin	100	(3,732)	EUR
CKKD 530 GmbH & Co. KG, Regensburg	100	(4)	EUR
CKKD 530 Verwaltungs GmbH, Regensburg	100	25	EUR
Other countries			
HORNBACH Baumarkt GmbH, Wiener Neudorf, Austria	100	88,146	EUR
HL Immobilien Lambda GmbH, Wiener Neudorf, Austria	100	20,363	EUR
G.N.E. Global Grundstücksverwertung GmbH, Wiener Neudorf, Austria	100	3,687	EUR
HM Immobilien My GmbH, Wiener Neudorf, Austria	100	-178	EUR
HB Immobilien Bad Fischau GmbH, Wiener Neudorf, Austria	100[3]	-398	EUR

[1] Shareholders' equity corresponds to the local equity; in the case of HORNBACH Centrala SRL and HORNBACH Imobiliare SRL, however, equity has been determined in accordance with IFRS.
[2] Direct shareholding
[3] Of which: 1% direct shareholding

Company name and domicile	Shareholding in %	Equity[1)] in thousands, local currency	Local currency
HORNBACH Baumarkt Luxemburg SARL, Bertrange, Luxembourg	100	8,317	EUR
HORNBACH Holding B.V., Amsterdam, Netherlands	100	282,047	EUR
HORNBACH Bouwmarkt (Nederland) B.V., Driebergen-Rijsenburg, Netherlands	100	33,385	EUR
HORNBACH Real Estate Apeldoorn B.V., Apeldoorn, Netherlands	100	22	EUR
HORNBACH Real Estate Enschede B.V., Enschede, Netherlands	100	134	EUR
HORNBACH Real Estate Tilburg B.V., Tilburg, Netherlands	100	1,079	EUR
HORNBACH Real Estate Groningen B.V., Groningen, Netherlands	100	973	EUR
HORNBACH Real Estate Wateringen B.V., Wateringen, Netherlands	100	1,294	EUR
HORNBACH Real Estate Alblasserdam B.V., Alblasserdam, Netherlands	100	1,106	EUR
HORNBACH Real Estate Nieuwegein B.V., Nieuwegein, Netherlands	100	1,415	EUR
HORNBACH Real Estate Nieuwerkerk B.V., Nieuwerkerk, Niederlande	100	1,413	EUR
HORNBACH Real Estate Geleen B.V., Geleen, Netherlands	100	617	EUR
HORNBACH Reclame Activiteiten B.V., Nieuwegein, Netherlands	100	(106)	EUR
HORNBACH Real Estate Breda B.V., Breda, Netherlands	100	1,796	EUR
HORNBACH Real Estate Amsterdam-Sloterdijk B.V., Amsterdam, Netherlands	100	841	EUR
HORNBACH Real Estate Nederland B.V., Amsterdam, Netherlands	100	(293)	EUR
HORNBACH Real Estate Best B.V., Nieuwegein, Netherlands	100	1,101	EUR
HORNBACH Real Estate Den Haag B.V., Den Haag, Netherlands	100	724	EUR
HORNBACH Real Estate Zwolle B.V., Zwolle, Netherlands	100	1,029	EUR
HORNBACH Real Estate Almelo B.V., Almelo, Netherlands	100	(132)	EUR
HORNBACH Real Estate Duiven B.V., Duiven, Niederlande	100	473	EUR
HORNBACH Real Estate Rotterdam B.V., Rotterdam, Netherlands	100	(597)	EUR
HORNBACH Real Estate Nijmegen B.V., Nijmegen, Netherlands	100	751	EUR
HORNBACH Baumarkt CS spol s.r.o., Prag, Czechia	100	3,889,413	CZK
HORNBACH Immobilien H.K. s.r.o., Prag, Czechia	100	1,134,171	CZK
HORNBACH Baumarkt (Schweiz) AG, Oberkirch, Switzerland	100	163,584	CHF
HORNBACH Byggmarknad AB, Göteborg, Sweden	100	66,488	SEK
HIAG Fastigheter i Göteborg AB, Göteborg, Sweden	100	128,469	SEK
HIAG Fastigheter i Helsingborg AB, Göteborg, Sweden	100	78,770	SEK
HIAG Fastigheter i Göteborg Syd AB, Göteborg, Sweden	100	689	SEK
HIAG Fastigheter i Stockholm AB, Göteborg, Sweden	100	259,257	SEK
HIAG Fastigheter i Botkyrka AB, Göteborg, Sweden	100	140,644	SEK
HORNBACH Immobilien SK-BW s.r.o., Bratislava, Slovakia	100	13,636	EUR
HORNBACH Baumarkt SK spol s.r.o., Bratislava, Slovakia	100	46,085	EUR
HORNBACH Centrala SRL, Domnesti, Romania	100	322,044	RON
HORNBACH Imobiliare SRL, Domnesti, Romania	100	237,293	RON
HORNBACH IT Hub Romania SRL, Domnesti, Romania	100	785	RON
HORNBACH Logstic Romania SRL, Domnesti, Romania	100	3,206	RON
Etablissement Camille Holtz et Cie S.A., Phalsbourg, France	100	1,476	EUR
Saar-Lor Immobilière S.C.L., Phalsbourg, France	100	148	EUR
HORNBACH Asia Ltd., Kowloon, Hong Kong	100	21,255	HKD

1) Shareholders' equity corresponds to the local equity; in the case of HORNBACH Centrala SRL and HORNBACH Asia Ltd., however, equity has been determined in accordance with IFRS.

Control and profit and loss transfer agreements have been concluded between HORNBACH Holding AG & Co. KGaA and HORNBACH Immobilien AG and between HORNBACH Baustoff Union GmbH and Robert Röhlinger GmbH, Union Bauzentrum HORNBACH GmbH, and Ruhland-Kallenborn & Co. GmbH.

Furthermore, control and profit and loss transfer agreements are in place between HORNBACH Baumarkt AG and HORNBACH International GmbH and between HORNBACH Baumarkt AG and Hornbach Beteiligungen GmbH. Moreover, control and profit and loss transfer agreements are in place between HORNBACH Beteiligungen GmbH and AWV-Agentur für Werbung und Verkaufsförderung GmbH, BODENHAUS GmbH, and Hornbach Forst GmbH.

The profit and loss transfer agreement between HORNBACH Beteiligungen GmbH and HB Reisedienst GmbH was rescinded as of February 28, 2023.

Foreign currency translation

In the separate financial statements of HORNBACH Holding AG & Co. KGaA and its consolidated subsidiaries, transactions in currencies other than the respective company's functional currency have been translated into the relevant functional currency at the transaction rate. All receivables and liabilities in currencies other than the respective company's functional currency have been measured, irrespective of any currency hedges, at the reporting date rate. The resultant exchange gains and losses have generally been included in the income statement. Embedded forward exchange transactions have been recognized at fair value.

In line with IAS 21, the annual financial statements of foreign Group companies have been translated into euros on the basis of the functional currency concept. This is the local currency for all of the companies in view of the fact that the foreign companies conduct their business independently from a financial, economic and organizational point of view. Accordingly, non-current assets, other assets and liabilities have been translated at the median rate on the reporting date. Income and expense items have been translated using average rates. Exchange rate differences arising from the translation of the annual financial statements of foreign subsidiaries are recognized directly in equity in a separate item within revenue reserves.

The most important foreign exchange rates applied are as follows:

Country	Rate on reporting date		Average rate	
	2.29.2024	2.28.2023	**2023/24**	2022/23
RON Romania	4.9706	4.9200	4.95634	4.92669
SEK Sweden	11.2150	11.0780	11.49065	10.75024
CHF Switzerland	0.9534	0.9947	0.96315	0.99678
CZK Czech Republic	25.3630	23.4970	24.19291	24.46572
USD USA	1.0826	1.0619	1.08305	1.04384
HKD Hong Kong	8.4735	8.3351	8.47649	8.17966

Accounting policies

General principles

The following table presents the most important measurement principles applied by the Group when preparing the consolidated financial statements.

Balance sheet item	Measurement principle
Assets	
Goodwill	Impairment only approach
Intangible assets	
with indefinite useful lives	Impairment only approach
with finite useful lives	At amortized cost
Property, plant, and equipment	At amortized cost
Right-of-use assets	At amortized cost
Investment property	At amortized cost
Financial assets (current/non-current)	
Equity instruments	At fair value
Debt instruments	At amortized cost or fair value depending on business model
Assets from derivatives	At fair value
Inventories	Lower of cost and fair value less costs to sell
Trade receivables	At amortized cost or fair value depending on business model
Contract assets	At amortized cost
Other current assets	
Other receivables (financial instruments)	At amortized cost
Assets from derivatives	At fair value
Non-financial items	At amortized cost
Cash and cash equivalents	At amortized cost
Non-current assets held for sale and disposal groups	Lower of carrying amount and fair value less costs to sell
Equity and liabilities	
Financial debt (current/non-current)	
Liabilities to banks	At amortized cost
Liabilities for derivatives	At fair value
Lease liabilities	At amortized cost
Provisions	
Provisions for pensions	Present value of future obligations (projected unit credit method)
Other provisions	At expected settlement amount
Trade payables	At amortized cost
Contract liabilities	At amortized cost
Other liabilities	At amortized cost
Refund liabilities	At expected amount of refund
Accrued liabilities	At amortized cost

The company has not drawn on the option of remeasuring intangible assets, property, plant and equipment and investment property. Income and expenses have been deferred in line with their respective periods.

Goodwill
Goodwill is tested for impairment once a year. Should any events or changes in circumstances indicate any impairment in value, then such impairment test must be performed more frequently. The goodwill impairment test is performed on the basis of the cash generating units, which represent the lowest level within the company for which goodwill is monitored for internal management purposes. Pursuant to IAS 36, the carrying amounts of the cash generating units, including the share of goodwill allocated to such units, are compared with the higher of the fair value less costs to sell and the value in use (so-called recoverable amount) of such units.

If a write-down is required, then the impairment loss for a cash generating unit is initially allocated to goodwill. Any remaining impairment loss is subsequently recognized for the other assets in the cash generating unit in proportion to their respective carrying amounts. However, assets may only be written down at maximum to the recoverable amount of the individual identifiable asset. Goodwill is not written up.

Intangible assets (except goodwill)
Intangible assets with finite useful lives are recognized at amortized cost.

Amortization is determined using the straight-line method based on the following economic useful lives:

	Years
Software and licenses	3 to 8
Other intangible assets	3 to 20

Impairment losses are recognized when there are indications of impairment and the recoverable amount falls short of the carrying amount. Corresponding write-ups to a maximum of amortized cost are recognized when the reasons for impairment losses recognized in previous years no longer apply. Further details can be found under "Impairment of non-current non-financial assets".

Property, plant and equipment and investment property
Property, plant and equipment and investment property are recognized at amortized cost.

Depreciation is undertaken on a straight-line basis. If there are indications of any impairment in value and if the recoverable amount is less than the amortized cost, then impairment losses are recognized for the respective items of property, plant and equipment or investment property. Corresponding write-ups to a maximum of amortized cost are recognized when the reasons for impairment losses recognized in previous years no longer apply. Further details can be found under "Impairment of non-current non-financial assets".

Depreciation is uniformly based on the following economic useful lives across the Group:

	Years
Buildings and outdoor facilities (including rented property)	15 to 33
Other equipment, plant, and office equipment	3 to 15

Financing costs incurred in connection with real estate development (“building interest”) which can be directly allocated to the acquisition, construction or establishment of land and buildings (“qualifying assets”) are capitalized as a component of costs in accordance with IAS 23 “Borrowing Costs”.

Leases

Leases are recognized in accordance with IFRS 16 requirements. As a result, lessees recognize essentially all leases for which no practical expedient or exemption is applied in the balance sheet with a right-of-use asset for the leased item and a lease liability for the (discounted) payment obligation assumed.

The application of practical expedients permits expenses for leases identified as short-term according to the definition provided in IFRS 16 and low-value leases to continue to be recognized in the functional expenses in the income statement in the period in which they are incurred. One exception involves the advertising space asset class, for which no application has been made of the aforementioned practical expedients. Furthermore, the Group has not applied the standard to leases involving intangible assets. Apart from the advertising space asset class, in leases which contain non-lease components, the non-lease components have been separated from the lease components.

The calculation of lease liabilities accounts for the following lease payments, which have been discounted using the interest rate implicit in the lease, where this can be determined:

- Fixed payments, less any lease incentives to be paid by the lessor
- Variable payments that depend on an index or interest rate
- Expected residual value payments for residual value guarantees
- The exercise price of a purchase option if such option is assessed as being reasonably certain to be exercised
- Payments of penalties for terminating the lease, if the lease term reflects the exercising of such option.

If the interest rate implicit in the lease cannot be determined, application is made of the lessee's incremental borrowing rate.

The lease liability develops on an annuity basis in accordance with the contractually agreed conditions. Interest expenses resulting from compounding are recognized under net financial expenses.

The volume of right-of-use assets is determined on the basis of the following components:

- Lease liabilities
- Lease payments made upon or prior to provision of the asset, less any lease incentives received
- Initial direct costs
- Dismantling obligations not involving regular maintenance.

In subsequent periods, right-of-use assets are measured at amortized cost. Depreciation is recognized on right-of-use assets on a straight-line basis over the term of the lease pursuant to IFRS 16. Depreciation is recognized in the functional areas to which the assets refer. If there are indications of impairment and if the recoverable amount falls short of amortized cost, then impairment losses are recognized for the right-of-use asset pursuant to IAS 36.

Real estate leases in particular contain extension or termination options which influence the determination of the contractual term and thus the level of right-of-use asset and lease liability. Changes to the term resulting from the exercising or non-exercising of such options are only accounted for when they are reasonably certain. A reassessment is made if a significant event or significant change in circumstances arises which is within the Group's control or an extension or termination option is actually exercised or not exercised. The reassessment of extension and termination options is performed in accordance with the company's strategic planning. In this respect, the actual values stated also include terms offering extension/termination options for which such options have not yet been legally exercised. From a legal perspective, the company therefore still has the possibility to avoid the respective obligations. The amounts recognized therefore entail opportunity.

For leases in which the Group acts as lessor, it first reviews pursuant to IFRS 16 whether the leases are operating or finance leases. If substantially all of the risks and rewards incidental to ownership are assigned, the lease is a finance lease and the Group recognizes the assets relating to this lease in the amount of the net investment under other assets in its balance sheet.

Assets relating to leases classified as operating leases are recognized at amortized cost under property, plant and equipment. The respective lease instalments are recognized in the relevant functional area in the period in which they are incurred.

Intragroup leases between Subgroups and/or segments are presented as right-of-use assets within the respective segments and eliminated accordingly in consolidation.

Impairment of non-current non-financial assets

For non-current non-financial assets (property, plant and equipment and right-of-use assets), a review is performed as of each balance sheet date to assess whether there are any indications of impairment (“triggering events”). If there are any such indications, then the asset is tested for impairment. Intangible assets with indefinite useful lives and goodwill acquired in a business combination are tested for impairment each year irrespective of whether there are any indications of impairment.

The amount of impairment is measured on the basis of the amount by which the recoverable amount of an asset falls short of its carrying amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use.

Where no recoverable amount can be determined for an individual asset, the recoverable amount is determined for the cash generating unit in which the asset is included. A cash generating unit is defined as the smallest identifiable group of assets independently generating cash flows. Within the Group, individual locations are basically viewed as cash generating units.

The value in use of a cash generating unit is calculated by reference to the discounted future cash flows expected at the cash generating unit. The assessment period is limited to the rental term of the let property or the expected remaining useful life of a proprietary property. The basis for this is provided by the detailed financial budget compiled within the strategic five-year plan. Periods reaching further into the future have been extrapolated on the basis of a long-term growth rate of 1.5% (2022/23: 1.5%). The strategic five-year plan is largely based on the developments expected in consumer spending as stated in economic forecasts published by economic research institutes and on current developments and future expectations as to those procurement terms which significantly determine the expected gross profit (key assumptions).

Discounting is based on average equity and debt capital costs after taxes (WACC= Weighted Average Cost of Capital). The calculation of the costs of equity is based on the yield expected on a long-term risk-free federal bond plus a company-specific risk premium. The costs of debt capital are based on the aforementioned base rate and include a risk premium. This risk premium accounts for a risk premium appropriate to a relevant peer group. The discount rates applied for the respective cash generating units take account of the specific equity capital structures of a peer group, and of country risk. The interest rates used for discounting are based on market data. Depending on the countries and activities involved, the discount rates thereby applied ranged as of the balance sheet date from 4.1% to 11.6% after taxes (2022/23: 4.6% to 12.9%) and from 2.1% to 12.8% before taxes (2022/23: 4.6% to 13.8%). If the impairment loss is derived from the value in use, then the discount rate referred to for the specific item is reported in the respective section of the notes.

The fair value less costs to sell (net realizable value) of an individual asset is determined by reference to external surveys, if available, and assessments based on past experience.

For real estate at individual locations that is owned by the Group and investment property, the net realizable value is determined by external independent surveyors. These determine the fair value (net realizable value) by reference to Level 3 input data using internationally acknowledged methods. These include the comparative value method, capitalized earnings value, and asset value methods. The net realizable value of real estate at individual locations and investment property has been derived used the capitalized earnings value method.

The capitalized earnings value method is based on the achievable rent per annum, adjusted to eliminate property management expenses and other items (administration and rent default risk, return on land value). The earnings derived on this basis are capitalized using the applicable multiplier. Adding the capitalized earnings value to the land value produces the net realizable value. Alongside the input data already mentioned, the surveyors also apply additional premiums and discounts to account for the individual property-specific features (e.g. size, situation, conversion, or demolition costs still required).

In the comparative value method, the land value is determined by comparing the prices of properties suitable for comparison or by committees of surveyors referring to corresponding sales of land. The land value determined in this way is also accounted for in the aforementioned capitalized earnings value method.

The net realizable values of other assets included in the cash generating unit are also determined on the basis of Level 3 input data. Based on past experience and on an assessment of current market conditions, the cash flows that could be generated by disposing of the assets currently in the cash generating unit are determined.

Inventories
Inventories are carried at cost or at their net realizable value, if lower. The net realizable value is taken to be the expected realizable sales proceeds less the costs incurred up to disposal. The acquisition costs of inventory holdings are determined using weighted average prices. Supplier compensation requiring measurement as a reduction to cost is recognized within inventories.

Taxes
Taxes levied by the respective countries on taxable income and changes in deferred tax items are recognized as taxes on income. These are calculated in accordance with the relevant national legislation on the basis of the tax rates applicable at the balance sheet date, or due to be applicable in the near future.

Other taxes are allocated to the respective functional divisions and recognized under the corresponding expenses for the relevant function.

In line with IAS 12, deferred taxes are recognized and measured using the balance sheet liability method based on the tax rate expected to be valid at the realization date; application has been made of the partial exemptions pursuant to IAS 12 (Pillar Two). Deferred tax assets are recognized for the tax benefits expected to arise from future realizable losses carried forward. Deferred tax assets arising from deductible temporary differences and tax losses carried forward are only recognized to the extent that it can be assumed with reasonable certainty that the company in question will generate sufficient taxable income in future. This is assessed by reference to the strategic five-year planning. Recognized and unrecognized deferred tax assets are reviewed at each balance sheet date to ascertain whether any adjustment in their current values is required.

Deferred tax assets and liabilities referring to items recognized in other comprehensive income or directly in equity are also recognized in other comprehensive income or directly in equity rather than in the income statement.

Deferred tax assets and liabilities are netted for each company or fiscal unity provided that such are due to or from the same tax authority and there is an enforceable right for such items to be offset.

Non-current assets held for sale and disposal groups
Land, buildings and other non-current assets and disposal groups which are very likely to be sold in the coming financial year are measured at fair value less costs to sell, if such is lower than the carrying amount.

Pensions and similar obligations
Consistent with legal requirements in the respective countries and with individual commitments made to members of the Board of Management, Group companies of HORNBACH Holding AG & Co. KGaA have obligations relating to defined contribution and defined benefit pension plans.

In the case of defined benefit plans, provisions have been calculated using the projected unit credit method in accordance with IAS 19 (revised 2011) “Employee Benefits”. When determining the pension obligation in accordance with actuarial principles, this method accounts for the pensions known of and claims vested as of the balance sheet date, as well as for the increases in salaries and pensions to be expected in future. The plan assets are deducted at fair value from the obligations. Should this result in a net asset, then this is recognized, provided that it does not exceed the present value of future reductions in contributions or repayments or any retrospective service costs.

Current service cost and any retrospective service cost are recognized in operating earnings. The net interest result is recognized under net financial expenses. Actuarial gains and losses relating to the pension obligation or the plan assets are recognized in other comprehensive income in equity, taking account of any deferred taxes. The implications are presented separately in the statement of comprehensive income.

For defined contribution plans, the contributions are recognized in operating earnings upon becoming due for payment. Multiemployer pension plans are recognized by analogy with defined contribution plans.

Provisions and accrued liabilities

Provisions are recognized for uncertain obligations to third parties where these result from past events and are likely to lead to a future outflow of resources. Provisions are stated at the expected settlement amount, having accounted for all identifiable risks, and are not offset against recourse claims. This item also includes provisions for severance payments, for which actuarial surveys are obtained. If the overall effect is material, non-current provisions are measured at present value discounted to the end of the respective terms.

Provisions for pending losses and onerous contracts are recognized if the contractual obligations are higher than the expected economic benefits.

Risks in connection with legal disputes and court cases are recognized under provisions if the requirements of IAS 37 are met. The amount of provision is measured on the basis of an assessment of the circumstances relevant to the case and represents the likely scope of obligation, including estimated legal expenses. To determine the obligation, the management regularly analyzes the information available on the legal disputes and court cases. Both in-company and external attorneys are involved in this assessment. In deciding whether it is necessary to recognize a provision, the management accounts for the likelihood of an unfavorable outcome and the possibility of estimating the amount of obligation with sufficient reliability.

Provisions are recognized for structural maintenance obligations when the company was contractually obliged to do so. To determine the amount of provision, the company refers to historic information about comparable properties and draws on the expertise of real estate specialists. Additions to the provision are generally recognized on a straight-line basis over the term of the contract in order to account for the pattern of consumption of the underlying rental property.

In the case of accrued liabilities, the date or level of the respective obligation are no longer uncertain.

Financial instruments

Financial instruments are contracts which result in a financial asset at one company and a financial liability or equity instrument at another company. On the one hand, these include primary financial instruments such as trade receivables and payables, financial receivables and financial liabilities. On the other hand, they also include derivative financial instruments, such as options, forward exchange transactions, interest swaps and currency swaps. Derivative financial instruments are recognized at fair value as of the transaction date. Primary financial instruments are basically recognized at the time at which the company becomes a contractual party. Upon initial recognition, these are measured at fair value. This generally corresponds to the transaction price. Where there are indications that the fair value deviates from the transaction price, the fair value is determined in accordance with the logic outlined in “Fair Value Measurement” and then used as the basis for initial recognition.

Financial assets are basically derecognized once the contractual rights to payment have expired. Furthermore, financial assets are derecognized when the contractual rights to payment, and thus all significant risks and rewards or powers of disposal over these assets, have been assigned. Financial liabilities are derecognized once they have been settled, i.e. once the liability has been repaid, cancelled or has expired.

Primary financial assets include financial investments in equity instruments and debt instruments.

Classification
Pursuant to IFRS 9, the classification and measurement of financial assets are determined by reference to the company's business model and the characteristics of the cash flows from the respective financial assets. Upon initial recognition, HORNBACH therefore classifies financial assets either as “measured at amortized cost”, “measured at fair value through other comprehensive income”, or “measured at fair value through profit or loss”.

Financial assets are recognized as of the settlement date. The Group only reclassifies debt instruments when the business model for managing such assets also changes.

Measurement
Upon initial recognition, HORNBACH measures a financial asset at fair value plus – for financial assets not subsequently measured at fair value through profit or loss – the transaction costs directly attributable to the acquisition of the asset. One exception relates to trade receivables not including significant financing components, which are measured at their transaction prices. Transaction costs of assets measured at fair value through profit or loss are directly expensed in the consolidated income statement.

Debt instruments
Depending on the business model and cash flow characteristics of the asset involved, the subsequent measurement of debt instruments is as follows:

Subsequent measurement at amortized cost: Assets held to collect contractual cash flows for which such cash flows exclusively comprise interest and principal payments are measured at amortized cost. Interest income on these financial assets is recognized under financial income with due application of the effective interest method. Gains or losses upon derecognition are recognized directly in the income statement.

Subsequent measurement at fair value through other comprehensive income: Assets held to collect contractual cash flows and for sale of the financial assets for which the cash flows exclusively comprise interest and principal payments are recognized at fair value through other comprehensive income. Changes in the carrying amount are recognized through other comprehensive income with the exception of impairment gains or losses, interest income, and exchange rate gains or losses, which are recognized through profit or loss. Upon derecognition of the financial asset, the gain or loss previously recognized through other comprehensive income is reclassified to profit or loss (recycling). Interest income on these financial assets is recognized under financial income with due application of the effective interest method. The Group currently makes no application of this category.

Subsequent measurement at fair value through profit or loss: Assets which do not meet the criteria for the “measured at amortized cost” or “measured at fair value through other comprehensive income” categories are classified to the “measured at fair value through profit or loss” category. Gains or losses in this category are netted and recognized through profit or loss in the period in which they arise.

Impairments of financial assets are determined using the expected credit loss model. The principle underlying this model is the portrayal of any deterioration or improvement in the credit quality of financial instruments, with expected losses already being accounted for. Apart from for debt instruments with subsequent measurement through profit or loss, the IFRS 9 impairment model is applied to all debt instruments.

The IFRS 9 model draws on a three-level approach to allocate impairments:

- Level 1: 12-month credit losses: applicable to all items (since initial recognition) for which the credit quality has not deteriorated significantly. This involves the recognition of that share of lifetime expected credit losses for the instrument attributable to any default within the next twelve months.
- Level 2: lifetime credit losses – creditworthiness not impaired: applicable when a financial instrument or group of financial instruments has witnessed a significant increase in credit risk but whose creditworthiness is not impaired. This involves the recognition of the lifetime expected credit losses for the financial instrument as an impairment.
- Level 3: lifetime credit losses – creditworthiness impaired: should there be objective indications of any impairment requirement for assets (based on individual consideration), the consideration must be based on the lifetime of the financial instrument.

For Levels 1 and 2, effective interest is calculated on the basis of the gross carrying amount. In Level 3, by contrast, effective interest is calculated by reference to the net carrying amount, i.e. the carrying amount less the risk allowance.

For trade receivables and contract assets, application is made of the simplified approach. This model does not require changes in the credit risk to be tracked. Instead, HORNBACH is required to recognize a risk allowance in the amount of the lifetime expected credit losses both upon initial recognition and at each subsequent balance sheet date. To measure the expected credit risk, the assets are grouped on the basis of their existing credit risk characteristics and respective maturity structures.
The Group has excluded those financial instruments that have only low default risk as of the balance sheet date (investment grade) from application of the three-stage impairment model. Instead, these assets are always allocated to Level 1 of the impairment model and risk allowances are recognized in the amount of 12-month expected credit losses. These instruments particularly include credit balances at banks, as these funds are exclusively held on a short-term basis at highly creditworthy banks.

Equity instruments
The Group subsequently measures all of the equity instruments it holds at fair value.

For equity instruments not held for trading, HORNBACH has uniformly exercised the option of recognizing changes in fair value through other comprehensive income in the consolidated statement of comprehensive income. Upon derecognition of these equity instruments, the gains and losses unrecognized for these instruments through to the time of derecognition are reclassified to revenue reserves and not shown in the income statement (no recycling). Dividends on these instruments continue to be recognized through profit or loss under other income if the Group's claim to receipt of such payments is substantiated.

In a small number of cases, cost may represent an appropriate estimate of fair value. Investments and financial investments in equity instruments are recognized at cost when insufficient new information is available to measure fair value or when a wide range of possible fair value measurements is available and cost represents the best estimate within this range.

Derecognition
HORNBACH derecognizes a financial asset when there is no substantiated expectation that the other party to the contract will meet its contractual obligation or if the other party has already met such obligation in full. Here, HORNBACH takes discretionary decisions based on the individual case to assess the extent to which the respective contract can be expected to be fulfilled.

Where applicable, receivables relating to factoring arrangements are retired in accordance with IFRS 9 requirements.

Primary financial instruments
The HORNBACH Holding AG & Co. KGaA Group has so far not made any use of the option of classifying financial assets or financial liabilities as measured at fair value through profit or loss.

Trade receivables and other assets (except derivatives) are initially recognized at fair value or – if they do not include any significant financing component – at their transaction price and subsequently measured at amortized cost using the effective interest method and less any impairments. Impairments are recognized for all identifiable risks. These are determined on the basis of probability-weighted estimates of credit losses and individual risk assessments. The calculation takes account of the best available information and the time value of money. Specific cases of default lead to the receivable in question being derecognized. Write-ups are recognized when the reasons for impairments previously recognized no longer apply.

Claims relating to the retrieval of assets (returns) have been recognized under other assets. The amount of the asset corresponds to the cost of the goods supplied and which are expected to be returned, taking due account of the costs incurred to handle the return and the losses resulting from sale of these goods.

Impairment accounts are maintained for trade receivables and the financial assets recognized under other assets. Amounts from impairment accounts are derecognized, with a corresponding charge to the carrying amount of the impaired assets, in cases such as when insolvency proceedings against the debtor have been completed, or when the receivable is deemed irretrievably lost.

Contract assets result from trade firm service orders not yet completed for customers. Given that the services are partly unperformed, HORNBACH does not yet have any unconditional claim. In general, contract assets have the same risk characteristics as trade receivables for the same types of contract. The Group has therefore concluded that the expected loss rates for trade receivables represent an appropriate approximation of the loss rates for contract assets.

Cash and cash equivalents include cash on hand and short-term deposits with maturity dates of less than three months. These items are measured at amortized cost (nominal value).

The cash equivalents included in cash and cash equivalents are short-term highly liquid financial investments that can at any time be turned into fixed cash amounts and are only subject to immaterial fluctuations in value.

Financial debt (except derivatives) is recognized at the respective loan amount, less transaction costs, and subsequently measured at amortized cost. The difference to the repayment amount is recognized as an expense over the term of the bond or the respective financial liability using the effective interest method. All other debt items are also recognized at amortized cost. This mostly corresponds to the respective repayment amount.

Trade payables and other liabilities are recognized at amortized cost. Other liabilities include those refund liabilities which may arise due to expected returns and retrospective price discounts. They are recognized in the amount of the consideration to which the Group is expected not to be entitled and which is thus not included in the transaction price. Trade payables are mostly classified as current. The same applies for other liabilities. In this respect, their carrying amounts basically correspond to their fair values.

Contract liabilities comprise prepayments received for customer orders and liabilities for customer vouchers and are basically measured at amortized cost. Furthermore, the measurement of customer vouchers also accounts for the IFRS 15 requirements concerning expected non-utilization (breakage).

Derivative financial instruments

Derivative financial instruments, such as forward exchange transactions and interest swaps, are used to hedge exchange rate and interest rate risks. In line with the Group's risk principles, no derivative financial instruments are held for speculative purposes. Upon addition, derivative financial instruments are recognized in the balance sheet at fair value. Any transaction costs incurred are directly expensed.

Derivatives which are not integrated into an effective hedging relationship as defined in IAS 39 or IFRS 9 are measured at fair value through profit or loss. The fair values of forward exchange transactions (including the embedded forward exchange transactions) are determined on the basis of market conditions at the balance sheet date. The fair value of interest and interest-currency swaps is determined by the financial institutions with which they were concluded. The financial institutions use customary market valuation models (e.g. discounted cash flow method) that refer to the interest and currency information available on the market. This corresponds to Level 2 input factors in the fair value hierarchy.

In applying IFRS 9 for the first time, HORNBACH exercised the option of continuing to apply IAS 39 hedge accounting requirements rather than IFRS 9 requirements.

Upon entering into a hedging transaction, the HORNBACH Holding AG & Co. KGaA Group classifies certain derivatives as hedging future cash flows or planned transactions (cash flow hedges). Changes in the fair value of those cash flow hedges viewed as effective are recognized directly in equity under revenue reserves, taking due account of deferred taxes, until the result of the hedged item is recognized. Non-effective gains and losses are recognized through profit or loss.

Fair value measurement

Fair value represents the price on a given valuation date which a company would receive to sell an asset or to transfer a liability (exit price). Fair value is determined in line with the three-level measurement hierarchy set out in IFRS 13. Based on the availability of information, fair value is determined by reference to the following hierarchy.

Level 1 information	current market prices on an active market for identical financial instruments
Level 2 information	current market prices on an active market for comparable financial instruments or using valuation methods whose key input factors are based on observable market data
Level 3 information	input factors not based on observable market prices.

The level of information and/or valuation methods used to determine the fair value of assets and liabilities is explained in the respective chapter of the notes to the consolidated financial statements.

Sales

As a DIY retail company, the Group generates the vast share of its sales in simple merchandise and service agreements at its stationary and online retail outlets. These contracts generally do not have any long-term fulfillment characteristics. Control of the goods and services generally passes to the customer at a specific time. That regularly involves the time at which the merchandise is transferred or delivered to the customer or at which the service is performed.

Sales are recognized on a net basis, i.e. net of sales tax, on the basis of the consideration stipulated in the contract and taking due account of expected returns and variable consideration. These include discounts and price reductions due to volume and competition-related factors.

The predominant share of the Group's sales is settled by way of cash and carry or comparable payment forms executed at specific points in time. For transactions in which a period of time separates the transfer of the promised goods or services and payment by the customer, this period of time does not amount to more than 12 months at the start of the contract. The Group therefore foregoes adjusting the promised consideration to account for the time value of money.

As well selling goods and services that are fulfilled at a specific point in time, the Group also offers services that are fulfilled over time. These services involve trade firm services which HORNBACH sells to end consumers alongside goods to enable projects to be implemented. The period of time over which the service is performed generally only amounts to a few days. The percentage of completion is not continually reviewed. Through to completion, sales are recognized in the amount of the expenses incurred without accounting for any margins. In the balance sheet, the respective items are recognized as contract assets and netted with contract liabilities if a prepayment was made.

Service obligations still to be performed mainly relate to customer orders not yet completed as of the balance sheet date and outstanding customer credits in the form of vouchers. The Group generally expects these service obligations to be fulfilled within the next 12 months. Settlement of outstanding customer credit, by contrast, is at the discretion of the customer and may thus involve a longer period.

The Group sells its products with a **right of return** amounting to 30 days for end consumers and to 3 months for holders of the ProjektWelt loyalty card. It recognizes a refund liability (other current liabilities) and a right of recourse for the merchandise (other current assets) for expected returns, with a corresponding reduction to gross profit. Potential returns are estimated using the expected value method on a country-specific basis. To this end, experience values are aggregated in a portfolio for each country, on which basis the likely rates of return are determined. The measurement includes daily sales which are deemed highly likely to be reversed. These are multiplied with the probable rates of return to determine the reduction in sales. Application is also made of the current country-specific gross margin to determine the reduction in merchandise input. The assumptions thereby made are validated on an ongoing basis, with adjustments being made where necessary to account for future measurements.

With its **permanent low price guarantee**, HORNBACH offers its customers the possibility of participating in price reductions up to 30 days after purchasing the respective good or service. To account for expected utilization, it recognizes a refund liability (other current liabilities), with a corresponding reduction to sales. The amounts recognized are quantified by reference to experience values on portfolio level for each country. The cost ratios for the permanent low price guarantee are based on historic information and are multiplied by the daily sales generated in the aforementioned period. The assumptions thereby made are validated on an ongoing basis, with adjustments being made where necessary to account for future measurements.

For **customer credits from vouchers** (contract liability), the share of sales for which non-utilization is deemed possible is recognized through profit or loss. This item is recognized within sales and in parallel with the utilized share of the customer credit. The amounts recognized are quantified by reference to experience values on portfolio level for each country. The non-utilization quotas are based on historic information. The assumptions thereby made are validated at regular intervals, with adjustments being made where necessary to account for future measurements.

Rental income from operating lease arrangements is recognized on a straight-line basis under sales over the term of the rental contract.

Other income

Other income is recognized at the time at which control over the promised good or service is transferred to a business partner. The amount of income recognized is based on the fair value of the consideration received, taking due account of variable consideration.

Expenses
As well as the direct acquisition costs of the merchandise in question, the cost of goods sold also includes ancillary acquisition costs, such as freight charges, customs duties and other services rendered, as well as write-downs on inventories.

Outlays on advertising campaigns and sales promotion measures are recognized as expenses in the relevant functional expense group once the relevant powers of disposal have been granted or the respective service received.

The reversal of provisions and accrued liabilities has generally been recognized as a reduction in expenses within the functional expense group in which the costs of recognizing the corresponding provision or accrued liability were originally presented.

Interest expenses and interest income are recognized in accordance with the period of the respective financial debt. Financing costs incurred in connection with real estate development ("building interest") which can be directly allocated to the acquisition, construction or establishment of land and buildings ("qualifying assets") are capitalized as a component of costs in accordance with IAS 23 "Borrowing Costs".

Tax expenses include current and deferred taxes unless they relate to facts or circumstances accounted for in other comprehensive income or directly in equity.

Discretionary decisions
Discretionary decisions made when applying the accounting policies and which materially influence the amounts recognized in the consolidated financial statements chiefly relate to determining the term of leases and calculating the incremental borrowing rate. In determining the term of leases, all facts and circumstances that could provide HORNBACH with an economic incentive to exercise an extension option or not exercise a termination option are duly accounted for and assessed. In calculating the incremental borrowing rate, both the calculation of the risk-free interest rate and the determination of the risk premium are subject to discretionary decisions. More detailed information can be found in Notes 13 and 23.

Further discretionary decisions, which are monitored on an ongoing basis, are made in respect of the presentation of amounts prospectively recognized in the balance sheet and the cash flow statement in connection with the reverse factoring program (see Note 26).

Assumptions and estimates
Assumptions and estimates are made when preparing the consolidated financial statements which have an effect on the recognition and/or measurement of the assets, liabilities, income and expenses as presented. Assumptions and estimates are made on the basis of the information available at the reporting date. Should the development in the relevant conditions deviate from the assumptions and estimates, then the amounts actually arising in future may differ from the amounts recognized in the accounts.

The assumptions and estimates mainly relate to uniform procedures applied across the Group for economic useful lives (Notes 10, 11, 12 & 13), the recognition and measurement of provisions (Notes 24, 25 & 28), the calculation of the recoverable amount to determine the amount of any impairments of non-current non-financial assets (Notes 10, 11, 12 & 13), the determination of the net realizable price for inventories (Note 17), and the ability to obtain future tax relief (Notes 8, 16 & 27). Further information can be found in the accounting policies relating to the respective topic and in the aforementioned notes.

The assumptions and estimates relevant to the preparation of the consolidated financial statements are continually reviewed. Changes in estimates are accounted for in the period of such changes and in future periods when they relate both to the reporting period and future periods.

Estimates and discretionary decisions in connection with geopolitical tensions and macroeconomic uncertainties

The estimates and discretionary decisions are based on past experience, the latest level of knowledge, and information currently available that the management considers accurate in the given circumstances. In view of the currently still unforeseeable global consequences of the war in Ukraine, the Middle East conflict, and of other macroeconomic risks (e.g. due to inflation, growth, interest rate policies, supply chain problems), these discretionary decisions and estimates by the management are nevertheless subject to increased uncertainty. Actual amounts may deviate from the management's assessments and estimates. Any changes in these amounts may have material implications for the consolidated financial statements. This information has mainly been accounted for in the following material groups of topics:

- Impairment tests on non-financial assets (including right-of-use assets); Notes 10 and 12
- Recoverability of financial assets; Notes 10, 18, and 33

Segment reporting

Segment reporting is consistent with the accounting policies applied in the consolidated financial statements (IFRS). Sales to external third parties represent net sales. Transfer prices between the segments are equivalent to those applied to external third parties.

Segment delineation

The allocation of segments corresponds to the internal reporting system used by the management of the HORNBACH Holding AG & Co. KGaA Group for managing the company ("management approach"). Based on the management approach, the Group has the following segments: "HORNBACH Baumarkt AG Subgroup", "HORNBACH Immobilien AG Subgroup", and "HORNBACH Baustoff Union GmbH Subgroup". The cornerstone of the HORNBACH Holding AG & Co. KGaA Group is the HORNBACH Baumarkt AG Subgroup, which operates DIY megastores with garden centers and online shops in nine European countries. The retail activities of the HORNBACH Holding AG & Co. KGaA Group are supplemented by the HORNBACH Baustoff Union GmbH Subgroup, which operates in the construction materials and builders' merchant business and mainly has business customers. The HORNBACH Immobilien AG Subgroup develops retail real estate and lets this out, mostly to operating companies within the HORNBACH Holding AG & Co. KGaA Group. Administration items not allocable to the two aforementioned segments and consolidation items are further subdivided into the "Central Functions" and "Consolidation" categories.

Segment earnings

As the Group's key earnings figure, adjusted EBIT have been taken to represent the segment earnings.

Segment assets and liabilities

Apart from income tax receivables, income tax liabilities and deferred taxes, asset and liability items in the consolidated balance sheet have been directly allocated to the individual segments as far as possible. Remaining assets and liabilities have been allocated as appropriate. Liabilities in the consolidated balance sheet have been increased by liabilities to Group companies in the individual segments and allocated to the individual segments in line with their causation. Items allocable to central administration are presented in the "Central Functions" column. Items eliminated between segments are presented in the "Consolidation" column. Capital expenditure relates to the non-current assets allocable to the respective segment.

€ million	HORNBACH Baumarkt AG Subgroup		HORNBACH Baustoff Union GmbH Subgroup		HORNBACH Immobilien AG Subgroup		Central Functions		Consolidation adjustments		HORNBACH HOLDING AG & Co. KGaA Group	
	2023/24	2022/23	**2023/24**	2022/23	**2023/24**	2022/23	**2023/24**	2022/23	**2023/24**	2022/23	**2023/24**	2022/23
Segment sales	**5,780.0**	**5,843.1**	**380.7**	**421.0**	**89.1**	**82.5**	**0.0**	**0.0**	**(88.8)**	**(83.5)**	**6,160.9**	**6,263.1**
Sales to third parties	5,778.4	5,841.4	378.8	418.1	0.0	0.0	0.0	0.0	0.0	0.0	6,157.2	6,259.5
Sales to affiliated companies	0.0	0.0	1.7	2.8	0.0	0.0	0.0	0.0	(1.7)	(2.8)	0.0	0.0
Rental income from third parties	1.6	1.7	0.2	0.1	2.0	1.8	0.0	0.0	0.0	0.0	3.7	3.6
Rental income from affiliated companies	0.0	0.0	0.0	0.0	87.1	80.7	0.0	0.0	(87.1)	(80.7)	0.0	0.0
EBIT	**160.0**	**188.6**	**3.7**	**7.6**	**63.3**	**56.0**	**(6.4)**	**(6.3)**	**5.2**	**12.6**	**225.8**	**258.5**
of which: depreciation and amortization/ write-ups	307.5	303.5	11.0	16.3	17.2	17.2	0.0	0.0	(87.7)	(90.2)	248.1	246.9
Segment earnings (adjusted EBIT)	**212.4**	**241.0**	**4.7**	**13.8**	**63.3**	**55.8**	**(6.4)**	**(6.3)**	**(19.8)**	**(14.2)**	**254.2**	**290.1**
Segment assets	**4,190.8**	**4,419.0**	**226.8**	**241.1**	**449.6**	**461.9**	**12.5**	**19.2**	**(470.8)**	**(471.5)**	**4,408.9**	**4,669.8**
of which: credit balances at banks	309.6	363.8	0.9	0.8	14.4	25.7	15.8	17.2	0.0	0.0	340.6	407.5
Capital expenditure [1]	**326.3**	**394.0**	**14.8**	**24.6**	**22.4**	**27.0**	**0.1**	**19.5**	**(107.2)**	**(108.1)**	**256.3**	**357.0**
Segment liabilities	**2,649.6**	**2,886.3**	**134.9**	**146.9**	**154.2**	**168.6**	**177.7**	**197.3**	**(642.8)**	**(639.2)**	**2,473.6**	**2,759.9**
of which financial debt and lease liabilities	1,808.1	1,967.3	40.6	44.7	124.5	121.3	151.9	172.2	(552.3)	(525.2)	1,572.8	1,780.3

[1] Capital expenditure also includes non-cash additions to right-of-use assets.

Reconciliation EBIT <> adjusted EBIT in € million	2023/24	2022/23
EBIT	**225.8**	**258.5**
Impairments due to IAS 36 impairment test [1]	57.2	37.9
Write-ups due to IAS 36 impairment test [1]	(26.9)	(6.1)
Result of sales/measurement of properties not required for operations	(2.4)	(0.2)
Other	0.5	0.0
Segment earnings (adjusted EBIT)	**254.2**	**290.1**

[1] This line item exclusively includes impairments and write-ups recognized for operating locations (cash-generating units).

Reconciliation in € million	2023/24	2022/23
Segment earnings (adjusted EBIT)	**254.2**	**290.1**
Non-operating items	(28.4)	(31.6)
Net financial expenses	(46.4)	(40.2)
Consolidated earnings before taxes	**179.3**	**218.3**
Segment assets	**4,408.9**	**4,669.8**
Deferred tax assets	40.7	35.1
Income tax receivables	27.5	20.9
Total assets	**4,477.1**	**4,725.8**
Segment liabilities	**2,473.6**	**2,759.9**
Deferred tax liabilities	26.0	33.6
Income tax liabilities	29.4	35.2
Total liabilities	**2,529.0**	**2,828.7**

Geographical information

To facilitate understanding of the financial statements, the mandatory geographical disclosures for sales to third parties and non-current assets have been supplemented with voluntary additional information.

The geographical disclosures have been subdivided into the "Germany" and "Other European countries" regions. The "Other European countries" region includes the Czech Republic, Austria, the Netherlands, Luxembourg, Switzerland, Sweden, Slovakia, Romania, and France (exclusively builders' merchants).

Sales are allocated to the geographical regions in which they were generated. Apart from income tax receivables, income tax liabilities and deferred taxes, all assets have been allocated to the region in which they are located. Capital expenditure relates to non-current assets allocated to the respective region. The reconciliation column includes consolidation items.

	Germany		Other European countries		Reconciliation		HORNBACH HOLDING AG & Co. KGaA Group	
€ million	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
Sales	**3,585.0**	**3,710.4**	**3,002.8**	**2,993.5**	**(426.9)**	**(440.8)**	**6,160.9**	**6,263.1**
Sales to third parties	3,156.6	3,268.4	3,000.5	2,991.1	0.0	0.0	6,157.2	6,259.5
Rental income from third parties	2.0	1.9	1.7	1.7	0.0	0.0	3.7	3.6
Sales to affiliated companies	426.3	440.1	0.6	0.7	(426.9)	(440.8)	0.0	0.0
EBIT	**48.9**	**51.3**	**176.9**	**207.2**	**0.0**	**0.0**	**225.8**	**258.5**
Depreciation and amortization/write-ups	**132.5**	**149.3**	**115.6**	**97.6**	**0.0**	**0.0**	**248.1**	**246.9**
Segment earnings (adjusted EBIT)	**60.6**	**81.3**	**193.6**	**208.7**	**0.0**	**0.0**	**254.2**	**290.1**
Assets	**2,811.2**	**3,092.3**	**2,051.4**	**2,111.9**	**(453.7)**	**(534.4)**	**4,408.9**	**4,669.8**
of which: non-current assets [1]	1,463.4	1,470.3	1,423.8	1,369.3	(211.7)	(157.3)	2,675.5	2,682.3
Capital expenditure [2]	**130.0**	**220.1**	**126.8**	**137.0**	**(0.4)**	**(0.1)**	**256.3**	**357.0**

[1] These involve property, plant and equipment, investment property, right-of-use assets, intangible assets, non-current lease receivables, and deferrals and accruals.

[2] Capital expenditure also includes non-cash additions to right-of-use assets.

Notes to Consolidated Income Statement

(1) Sales

Sales mainly involve revenues from contracts with customers in the "HORNBACH Baumarkt AG Subgroup" and "HORNBACH Baustoff Union GmbH Subgroup" segments. Furthermore, income of € 3,712k (2022/23: € 3,644k) from the letting of real estate has also been reported under sales.

Sales include revenues of € 41,464k which were recognized at the beginning of the period as contract liabilities (2022/23: € 45,245k). Furthermore, these also include retrospective sales of € 2,198k for performance obligations pursuant to IFRS 15 that were satisfied in previous years (2022/23: € 2,520k).

The following table presents the breakdown of sales by segment:

External sales 2023/24 in € million	HORNBACH Baumarkt AG Subgroup	HORNBACH Baustoff Union GmbH Subgroup	HORNBACH Immobilien AG Subgroup	HORNBACH HOLDING AG & Co. KGaA Group
of which: Germany	2,788.0	368.9	1.8	3,158.7
of which: Other European Countries	2,992.0	10.0	0.2	3,002.2
	5,780.0	**379.0**	**1.9**	**6,160.9**

External sales 2022/23 in € million	HORNBACH Baumarkt AG Subgroup	HORNBACH Baustoff Union GmbH Subgroup	HORNBACH Immobilien AG Subgroup	HORNBACH HOLDING AG & Co. KGaA Group
of which: Germany	2,860.9	407.0	1.7	3,269.6
of which: Other European Countries	2,982.1	11.3	0.1	2,993.5
	5,843.0	418.3	1.8	6,263.1

(2) Cost of goods sold

The cost of goods sold represents the expenses required for the generation of sales and is structured as follows:

	2023/24 € 000s	2022/23 € 000s
Expenses for auxiliary materials and purchased goods	3,934,379	4,021,864
Expenses for services rendered	141,876	150,779
	4,076,255	**4,172,643**

(3) Selling and store expenses

Selling and store expenses include those costs incurred in connection with the operation of DIY stores with garden centers and builders' merchant centers. 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, administration expenses, and maintenance and upkeep expenses.

(4) Pre-opening expenses

Pre-opening expenses mainly relate to those expenses arising at or close to the time of the construction up to the opening of new DIY stores with garden centers. Pre-opening expenses mainly consist of personnel expenses, costs of premises, and administration expenses.

(5) General and administration expenses

General and administration expenses include all costs incurred by administration departments in connection with the operation or construction of DIY stores with garden centers 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.

(6) Other income and expenses

Other income and expenses are structured as follows:

	2023/24 € 000s	2022/23 € 000s
Other income from operating activities		
Income from damages	5,205	3,044
Income from advertising allowances and other reimbursements of suppliers	966	1,108
Income from payment differences	1,875	1,460
Income from disposal of non-current assets	3,056	1,771
Miscellaneous other income	22,336	23,783
	33,438	**31,166**
Other income from non-operating activities		
Income from disposal of real estate	2,393	219
	2,393	**219**
Other income	**35,831**	**31,385**

Miscellaneous other income principally relates to ancillary revenues at the DIY stores with garden centers, income from disposal activities, retirements of liabilities, income from the reversal of impairments of receivables, and income from personnel grants.

	2023/24 € 000s	2022/23 € 000s
Other expenses from operating activities		
Losses due to damages	4,554	3,880
Impairments and defaults on receivables	5,707	6,197
Losses on disposal of non-current assets	1,236	1,140
Expenses from payment differences	43	67
Miscellaneous other expenses	3,289	3,166
Other expenses	**14,829**	**14,450**
Net balance (income) of other income and expenses	**21,002**	**16,935**

(7) Net financial expenses

	2023/24 € 000s	2022/23 € 000s
Other interest and similar income		
Interest income on financial instruments measured at amortized cost	10,187	2,977
Interest income from compounding of provisions	0	2,619
Other	2	2
	10,189	**5,598**
Other interest and similar expenses		
Interest expenses on financial instruments measured at amortized cost	23,262	19,268
Interest expenses for lease liabilities measured at amortized cost	30,724	29,265
Interest expenses on financial instruments used as hedging instruments	0	92
Interest expenses from compounding of provisions	653	269
Other	1,528	1,371
	56,168	**50,265**
Net interest expenses	**(45,979)**	**(44,667)**
Other financial result		
Gains/losses on derivative financial instruments	(2,349)	6,639
Gains and losses from foreign currency exchange	1,880	(2,181)
	(470)	**4,457**
Net financial expenses	**(46,449)**	**(40,210)**

In line with IFRS 16 "Leases", the interest component of the lease instalments, amounting to € 30,724k (2022/23: € 29,265k) is recognized under interest and similar expenses. Net interest expenses do not include interest incurred for financing the construction stage of real estate development measures. This interest amounted to € 835k in the year under report (2022/23: € 1,887k) and has been capitalized as a component of the costs of the property, plant and equipment concerned. The average financing cost rate used to determine the volume of borrowing costs eligible for capitalization amounted to 3.2% (2022/23: 2.4%).

Gains/losses on derivative financial instruments include gains and losses of € -2,349k on derivative currency instruments (2022/23: € 6,639k).

The gains and losses from foreign currency exchange for the 2023/24 financial year chiefly result from the measurement of foreign currency receivables and liabilities. This resulted in net income of € 4,765k (2022/23: net expenses of € 4,015k). Furthermore, this item also includes realized exchange rate gains of € 6,158k (2022/23: € 14,174k) and realized exchange rate losses of € 9,043k (2022/23: € 12,340k). In the previous year, gains and losses from foreign currency exchange included expenses of € 1,837k from the reclassification of currency items relating to an interest-currency swap within a hedging relationship (cash flow hedge). This reclassification compensates for the currency items relating to the hedged loan. This hedging relationship expired in the previous year.

(8) Taxes on income

The taxes on income reported include the taxes on income paid or payable in the individual countries, as well as deferred tax accruals.

The German companies included in the HORNBACH Holding AG & Co. KGaA Group are subject to an average trade tax rate of approximately 13.8% of their trading income (2022/23: approx. 13.7%). The corporate income tax rate continues to amount to 15%, plus 5.5% solidarity surcharge.

As in the previous year, all domestic deferred tax items have been valued at an average tax rate of 30%. The calculation of foreign income taxes is based on the relevant laws and regulations in force in the individual countries. As in the previous year, the income tax rates applied to foreign companies range from 8.5% to 27.2%.

The actual income tax charge of € 47,638k (2022/23: € 50,458k) is € 6,160k lower (2022/23: € 15,029k) than the expected tax charge of € 53,798k (2022/23: € 65,487k) which would have been payable by applying the average tax rate of 30% at HORNBACH Holding AG & Co. KGaA (2022/23: 30%) to the Group's pre-tax earnings of € 179,325k (2022/23: € 218,291k).

Deferred tax assets have been stated for losses carried forward amounting to € 51,124k (2022/23: € 35,571k). HORNBACH Holding AG & Co. KGaA expects it to be possible to offset the tax losses arising and carried forward in the respective country against future earnings in full.

No deferred tax assets have been reported in the case of losses carried forward amounting to € 16,487k (2022/23: € 2,039k), as future realization of the resultant benefit is not expected. There are no time limits on the utilization of any losses carried forward. No losses carried forward for which no deferred taxes had been recognized were utilized in the year under report (2022/23: € 70k).

Taxes on income due in future in connection with planned profit distributions at subsidiaries have been recognized as deferred tax liabilities. A budgeting horizon of one year has been assumed. The distributions for which deferred tax liabilities have been recognized at the HORNBACH Holding AG & Co. KGaA Group are subject to German taxation at 5%. No deferred tax liabilities have been recognized for retained profits of € 1,418,914k at subsidiaries (2022/23: € 1,417,732k), as these are either not subject to taxation or currently intended for reinvestment over an indefinite period.

The HORNBACH Holding AG & Co. KGaA Group is within the scope of the Act to Ensure Global Minimum Taxation for Corporate Groups (German Minimum Tax Act – MinStG), which took effect on December 28, 2023. This requires first-time application in financial years beginning after December 31, 2024. In this respect, the Group has applied the temporary exemption in IAS 12 published by the IASB in May 2023 and has not recognized any deferred taxes.

Under the German Minimum Tax Act, the parent company in Germany must pay additional tax on the profits of those subsidiaries that are taxed at effective tax rates of less than 15%. Temporary exemptions (safe harbor rules) may be applied for a transitional period. The implications of the Pillar 2 legislation are currently subject to internal investigation. The HORNBACH Holding AG & Co. KGaA Group intends to draw on the temporary safe harbor rules. Initial investigations have already been performed in this respect based on the preliminary data in the qualified country-by-country report (CbCR) for the 2023/24 financial year and the two previous financial years. Based on this investigation, Exemption 1 is applicable for the Hong Kong tax jurisdiction in respect of sales (less than € 10 million) and profit or loss before taxes (less than € 1 million). All other tax jurisdictions are expected to be subject to a simplified effective tax rate of more than 15% and would thus satisfy Exemption 2 of the safe harbor rules in the first year of application. Based on the information currently available, it is not yet possible to assess whether the French jurisdiction will satisfy the conditions of the safe harbor rules. The resultant potential effects in connection with the Pillar 2 legislation are nevertheless currently not assessed as material. For the tax jurisdictions of Switzerland and Romania, there is the risk that the safe harbor rules accounting for the simplified effective tax rate cannot be applied in the coming financial years. The national supplementary taxes currently planned are expected to be introduced accordingly.

The HORNBACH Holding AG & Co. KGaA Group does not expect the current legal status to have any material implications on its Group tax rate or on the Group's asset, financial, or earnings position. Given the complexity involved in applying the legislation, the quantitative implications of the German Minimum Tax Act cannot currently be estimated with any reliability. The Group is continuing to review the implications of the legislation on Pillar 2 requirements for the Group's future earnings strength.

Breakdown of tax charge

	2023/24 € 000s	2022/23 € 000s
Current taxes on income		
Germany	18,856	23,280
Other countries	38,425	40,341
	57,281	**63,621**
Deferred tax expenses/income		
due to changes in temporary differences	(7,118)	(10,449)
due to changes in tax rates	(479)	0
due to losses carried forward	(2,046)	(2,714)
	(9,643)	**(13,164)**
Taxes on income	**47,638**	**50,458**

The transition from the expected to the actual income tax charge is as follows:

	2023/24		2022/23	
	€ 000s	**%**	€ 000s	%
Expected income tax charge	53,798	100.0	65,487	100.0
Difference between local tax rate and group tax rate	(12,110)	(22.5)	(16,646)	(25.4)
Tax-free income	(3,548)	(6.6)	(1,380)	(2.1)
Tax reductions/increases due to changes in tax rates	(479)	(0.9)	0	0.0
Tax increases attributable to expenses not deductible for tax purposes	7,716	14.3	5,397	8.2
Tax effects on losses carried forward	24	0.0	20	0.0
Non-period current and deferred taxes	2,237	4.2	(2,420)	(3.7)
Taxes on income	**47,638**	**88.5**	**50,458**	**77.1**
Effective tax rate in %	26.6		23.1	

As in the previous year, the non-period current tax expenses of € 1,194k in the 2024 financial year (2022/23: tax expenses of € 294k) chiefly result from the remeasurement of income tax provisions.

The non-period deferred tax expenses of € 1,043k (2022/23: tax income of € 2,714k) chiefly result from the derecognition of deferred tax assets for loss carryovers that are no longer expected to be realizable in the near future.

The taxes recognized directly in equity in the financial year under report relate to the following items:

	2023/24 € 000s	2022/23 € 000s
Actuarial gains and losses on defined benefit plans		
Actuarial gains and losses on defined benefit plans before taxes	(6,334)	11,808
Change in deferred taxes	926	(1,835)
	(5,408)	**9,973**
Measurement of derivative financial instruments (cash flow hedge)		
Changes in fair value of derivative financial instruments before taxes	0	366
Change in deferred taxes	0	(54)
	0	**312**
Exchange differences arising on the translation of foreign subsidiaries	**(10,735)**	**18,483**
Other comprehensive income, net after taxes	**(16,143)**	**28,768**
of which: other comprehensive income before taxes	(17,069)	30,657
of which: change in deferred taxes	926	(1,889)

(9) Earnings per share

Basic earnings per share are calculated in line with IAS 33 "Earnings per Share" by dividing the consolidated net income allocable to the shareholders of HORNBACH Holding AG & Co. KGaA by the weighted average number of shares in circulation during the financial year. As in the previous year, there were no dilutive effects.

	2023/24	2022/23
Consolidated net income in € attributable to shareholders in HORNBACH Holding AG & Co. KGaA	125,139,984	157,073,579
Weighted number of shares issued	15,975,646	15,979,905
Earnings per share in €	**7.83**	**9.83**

(10) Other disclosures on the income statement

Non-operating items

The overview below outlines the allocation of those reconciliation items arising between EBIT and the Group's key earnings figure of adjusted EBIT to the individual functional areas:

2023/24 financial year € 000s	Impairments due to IAS 36 impairment test [1]	Write-ups due to IAS 36 impairment test [1]	Result of sales/measurement of properties not required for operations	Other	Total
Selling and store expenses	(57,224)	26,932	2,393	0	(27,898)
Other income and expenses	0	0	0	(507)	(507)
	(57,224)	**26,932**	**2,393**	**(507)**	**(28,406)**

2022/23 financial year € 000s	Impairments due to IAS 36 impairment test [1]	Write-ups due to IAS 36 impairment test [1]	Result of sales/measurement of properties not required for operations	Total
Selling and store expenses	(37,892)	6,102	0	(31,790)
Other income and expenses	0	0	219	219
	(37,892)	**6,102**	**219**	**(31,571)**

[1] This line item exclusively includes impairments and write-ups recognized for operating locations (cash-generating units).

Personnel expenses

The individual functional expense items include the following personnel expenses:

	2023/24 € 000s	2022/23 € 000s
Wages and salaries	853,790	819,314
Social security contributions and pension expenses	193,476	180,783
	1,047,266	**1,000,097**

Special items (due among other factors to the difficult economic and market climate)

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

In response to the deterioration in the macroeconomic climate, in the 2nd quarter of the financial year under report the company amended its financial guidance and communicated this by issuing an ad-hoc announcement. This constituted a triggering event pursuant to the definition provided in IAS 36 and led to an event-specific impairment test being performed in the first half of the year. This resulted in the recognition of impairment losses of € 22,684k. Furthermore, the impairment test led to write-ups of € 2,900k on impairment losses recognized in previous years.

The company performed a routine update in its strategic planning in the 4th quarter. This accounted for all available information concerning expected economic developments in connection with the difficult economic and market climate. This update to the company's planning also tiggered an event-specific impairment test.

In this connection, impairment losses of € 34,540k and write-ups of € 24,032k were recognized in the second half of the financial year.

In the previous year, an event-specific impairment test was conducted in the 2nd quarter due to the existence of a triggering event. The increase in the cost of capital (WACCs) in connection with the Russia-Ukraine conflict was classified as a triggering event pursuant to IAS 36. The annual impairment tests required irrespective of specific events were conducted in the 4th quarter. The amended parameters newly referred to in the impairment test resulted in the identification of an impairment requirement of € 37,892k.

Further information about the impairment tests can be found in Notes 11 and 12.

Trade receivables and other current assets

Due to the cash and carry principle, the company's risk position is mainly limited to debit and credit card companies with corresponding creditworthiness. Moreover, factoring arrangements mean that a major share of the default risk on trade receivables is outsourced.

Traditional trade receivables are mainly due from customers with corresponding creditworthiness. No material increase in the expected default rate due to increased macroeconomic challenges is discernible in the period under report. No recoverability risks over and above the customary level are discernible for other current assets.

Sales

The Group's sales are influenced by seasonal factors and weather conditions. Further information can be found in the Group Management Report.

Depreciation and amortization

	2023/24 € 000s	2022/23 € 000s
Scheduled amortization of intangible assets and depreciation of property, plant, and equipment, investment property, and right-of-use assets	217,780	215,094
Impairment of intangible assets, property, plant, and equipment, investment property, and right of use assets	57,224	37,892
	275,004	**252,986**

As in the previous year, the impairment losses recognized in the 2023/24 financial year relate to intangible assets, buildings, plant and office equipment, and to right-of-use assets. Reference is also made to the disclosures on intangible assets, property, plant and equipment, and right-of-use assets in Notes 11, 12, and 13 respectively.

Depreciation and amortization is included in the following items in the income statement:

2023/24 financial year	Intangible assets	Property, plant, and equipment and investment property	Depreciation of right-of-use assets	Total
Selling and store expenses	3,008	104,345	150,656	258,010
Pre-opening expenses	0	447	13	459
General and administration expenses	5,683	8,549	2,303	16,535
	8,691	**113,340**	**152,972**	**275,004**

2022/23 financial year	Intangible assets	Property, plant, and equipment and investment property	Depreciation of right-of-use assets	Total
Selling and store expenses	6,706	102,329	128,036	237,071
Pre-opening expenses	0	29	12	40
General and administration expenses	5,197	8,445	2,232	15,874
	11,903	**110,803**	**130,280**	**252,986**

Notes to Consolidated Balance Sheet

(11) Intangible assets

The development in intangible assets in the 2022/23 and 2023/24 financial years was as follows:

€ 000s	Franchises, industrial property rights, and similar rights and values as well as licenses to such rights and values	Goodwill	Customer bases acquired for consideration	Assets under construction	Total
Cost					
Balance at March 1, 2022	**103,941**	**5,231**	**0**	**1,403**	**110,575**
Changes in scope of consolidation	0	0	0	0	0
Additions	7,443	3,423	3,937	1,368	16,171
Disposals	38	0	0	0	38
Reclassifications	1,048	0	0	(1,036)	13
Foreign currency translation	11	0	0	0	11
Balance at February 28/March 1, 2023	**112,405**	**8,654**	**3,937**	**1,735**	**126,732**
Additions	12,058	19,485	0	6,439	37,982
Disposals	485	0	0	0	485
Reclassifications	1,463	0	0	(1,455)	9
Foreign currency translation	(21)	0	0	0	(21)
Balance at February 29, 2024	**125,420**	**28,139**	**3,937**	**6,719**	**164,217**
Depreciation and amortization					
Balance at March 1, 2022	**88,591**	**1,959**	**0**	**0**	**90,550**
Additions	5,324	3,160	3,419	0	11,903
Disposals	37	0	0	0	37
Foreign currency translation	14	0	0	0	14
Balance at February 28/March 1, 2023	**93,892**	**5,119**	**3,419**	**0**	**102,430**
Additions	8,572	0	119	0	8,691
Write-ups	(2,352)	0	0	0	(2,352)
Disposals	472	0	0	0	472
Foreign currency translation	(18)	0	0	0	(18)
Balance at February 29, 2024	99,622	5,119	3,538	0	108,279
Carrying amount at February 29, 2024	**25,798**	**23,020**	**399**	**6,719**	**55,938**
Carrying amount at February 28, 2023	**18,513**	**3,535**	**518**	**1,735**	**24,302**

Additions to franchises, industrial property rights and similar rights and values and licenses to such rights and values and to assets under construction mainly relate to the acquisition of software licenses and expenses incurred to prepare the software for its intended use. As in the previous year, there are no material restrictions on ownership and disposition rights.

The additions to goodwill result from the acquisition of shares in Seniovo GmbH in the 2023/24 financial year. The purchase price allocation (PPA) had not been completed as of the balance sheet date. Reference is made in this respect to the comments under "Changes in the scope of consolidation".

The goodwill of € 3,271k at the beginning of the financial year relates to two garden centers in the Netherlands, with around 50% of the respective figure being allocable to each of these. As in the previous year, the mandatory annual impairment test performed on goodwill in the 2023/24 financial year did not identify any impairment requirement. The recoverable amounts of the two cash generating units are based in each case on their value in use. The pre-tax discount rates used to determine the value in use range from 8.9% to 9.2% (2022/23: 6.9% to 9.5%). As in the previous year, the changes deemed possible in key assumptions (increase in discount rate [0.5%] or reduction in gross profit [5.0%]) would not result in any impairments at the two locations. Reference is also made to the comments on property, plant and equipment in Note 12.

In the previous year, the impairment test performed in the "HORNBACH Baustoff Union GmbH Subgroup" segment identified impairment requirements for intangible assets. An impairment loss of € 6,252k was recognized, of which € 3,160k involved goodwill and € 3,092k related to customer bases. The recoverable amount of the cash generating units thereby affected is based on its value in use. Reference is also made to the comments on property, plant and equipment in Note 12.

(12) Property, plant and equipment, right-of-use assets, and investment property

Property, plant and equipment developed as follows in the 2022/23 and 2023/24 financial years:

€ 000s	Land, leasehold rights, and buildings, including buildings on third-party land	Right-of-use assets	Investment property (IAS 40)	Other equipment, plant, and office equipment	Assets under construction	Total
Cost						
Balance at March 1, 2022	**2,139,095**	**1,121,812**	**43,050**	**822,266**	**68,458**	**4,194,681**
Reclassifications to/from non-current assets held for sale	(1,416)	0	0	0	0	(1,416)
Additions	76,751	152,682	143	60,925	50,325	340,826
Disposals	4,212	12,939	0	27,516	310	44,977
Reclassifications pursuant to IAS 40	382	0	(382)	0	0	0
Reclassifications	19,469	0	0	10,198	(29,680)	(13)
Foreign currency translation	18,215	4,531	10	4,112	727	27,595
Balance at February 28/March 1, 2023	**2,248,284**	**1,266,086**	**42,821**	**869,985**	**89,520**	**4,516,696**
Reclassifications to/from non-current assets held for sale	0	0	(286)	0	0	(286)
Additions	39,323	72,815	941	65,665	39,549	218,293
Disposals	770	27,843	0	30,617	0	59,230
Reclassifications pursuant to IAS 40	(1,507)	0	1,507	0	0	0
Reclassifications	35,057	0	0	8,812	(43,899)	(30)
Foreign currency translation	(9,266)	5,912	(15)	(1,965)	713	(4,621)
Balance at February 29, 2024	**2,311,121**	**1,316,970**	**44,968**	**911,880**	**85,883**	**4,670,822**
Amortization						
Balance at March 1, 2022	**683,295**	**333,011**	**16,102**	**630,821**	**0**	**1,663,229**
Additions	49,086	130,280	793	60,925	0	241,084
Write-ups	0	(5,712)	0	(390)	0	(6,102)
Disposals	3,815	11,828	0	25,884	0	41,527
Reclassifications pursuant to IAS 40	18	0	(18)	0	0	0
Foreign currency translation	4,467	709	0	3,157	0	8,333
Balance at February 28/March 1, 2023	**733,051**	**446,460**	**16,877**	**668,629**	**0**	**1,865,017**
Reclassifications to/from non-current assets held for sale	0	0	0	0	0	0
Additions	49,666	152,971	799	62,878	0	266,314
Write-ups	0	(24,578)	0	0	0	(24,578)
Disposals	33	17,165	0	28,197	0	45,395
Reclassifications pursuant to IAS 40	(949)	0	949	0	0	0
Reclassifications	(9)	0	0	9	0	0
Foreign currency translation	(4,333)	1,845	(2)	(1,690)	0	(4,180)
Balance at February 29, 2024	**777,392**	**559,533**	**18,623**	**701,629**	**0**	**2,057,177**
Carrying amount at February 29, 2024	**1,533,728**	**757,437**	**26,345**	**210,251**	**85,883**	**2,613,644**
Carrying amount at February 28, 2023	**1,515,233**	**819,626**	**25,944**	**201,356**	**89,520**	**2,651,679**

The impairment losses included in depreciation relate to assets whose carrying amounts exceed their recoverable amounts. This depreciation is allocated to the relevant functional cost item (see Note 10).

Where the carrying amount of the cash generating unit exceeds its value in use, the net realizable values of any real estate allocable to the CGUs was additionally determined by reference to external property valuations. Values were determined using the capitalized earnings method pursuant to the German Real Estate Valuation Ordinance (ImmoWertV). The surveyors based their calculations on the following parameters:

Valuation parameter	min.	max.
Gross profit		
Inside area (€/m²)	3.50 €	13.50 €
Outside area (€/m²)	0.75 €	2.81 €
Maintenance costs (€/m²)	1.25 €	3.55 €
Real estate interest rate	3.75%	7.10%

Due to the lack of third-party utilization options, a net realizable value of zero was stated for marketing-oriented and sales promotional plant and office equipment. Given the useful lives selected, the net realizable value of the other plant and office equipment included in the calculation did not fall short of its carrying amount, as a result of which the net realizable value basically corresponds to the current carrying amount.

In response to the deterioration in the macroeconomic climate, in the 2nd quarter of the financial year under report the company amended its financial guidance and communicated this by issuing an ad-hoc announcement. This constituted a triggering event pursuant to the definition provided in IAS 36 and led to an event-specific impairment test being performed in the first half of the year. This led to the identification of impairment requirements for right-of-use assets, software, and buildings at four stores in Germany, one store in Sweden, and one store in Romania. These items were written down by € 1,012k to their net realizable value, which was determined using Level 3 input data. Furthermore, these items were written down by € 21,672k to their value in use. This was determined using the discounted cash flow method on the basis of the company's planning (Level 3 input data). The pre-tax discount rates used to determine the values in use ranged between 6.9% and 11.2%. The recoverable amount for these locations amounts to € 61,206k in total.

Moreover, the impairment tests resulted in the recognition of write-ups of € 2,900k for one store in Germany. These write-ups related to right-of-use assets and involved the write-up of impairment losses recognized in previous years. The write-ups were determined using the discounted cash flow method on the basis of the company's planning (Level 3 input data). The pre-tax discount rate used to determine the value in use amounted to 8.6%. The recoverable amount for this location amounts to € 18,119k.

The company performed a routine update in its strategic planning in the 4th quarter. This accounted for all available information concerning expected economic developments in connection with the difficult economic and market climate. This update to the company's planning also triggered an event-specific impairment test. This led to the identification of impairment requirements for right-of-use assets, buildings, and marketing-oriented and sales promotional plant and office equipment at twelve stores in Germany, one store in Sweden, one store in the Netherlands, and one store in Switzerland. These items were written down by € 446k to their net realizable value, which was determined using Level 3 input data. Furthermore, these items were written down by € 34,094k to their value in use. This was determined using the discounted cash flow method on the basis of the company's planning (Level 3 input data). The pre-tax discount rates used to determine the values in use ranged between 2.1% and 8.7%. The recoverable amount for these locations amounts to € 220,953k in total.

Moreover, the impairment tests resulted in the recognition of write-ups totaling € 24,032k at seven stores and in logistics activities in Germany, one store in Sweden, and two stores in Austria. These write-ups, which related to right-of-use assets and software, involved the write-up of impairment losses recognized in previous years.

The write-ups were determined using the discounted cash flow method on the basis of the company's planning (Level 3 input data). The pre-tax discount rates used to determine the values in use ranged between 7.4% and 10.8%. The recoverable amount for these locations amounts to € 255,734k in total.

In the previous year, impairment requirements were identified for intangible assets, marketing-oriented and sales promotional plant and office equipment, buildings, and right-of-use assets at the "HORNBACH Baumarkt AG Subgroup" and the "HORNBACH Baustoff Union GmbH Subgroup". These items were written down by € 37,892k to the value in use or net realizable value. The recoverable amount for these locations amounted to € 396,616k.

In the previous year, impairment tests at the "HORNBACH Baumarkt AG Subgroup" resulted in the recognition of write-ups totaling € 6,102k on right-of-use assets and on marketing-oriented and sales promotional plant and office equipment at two locations. These involved the write-up of impairment losses recognized in previous years.

Impairment losses are included under non-current asset items in the corresponding segments as follows:

	2023/24	2022/23
HORNBACH Baumarkt AG Subgroup		
Intangible assets	2,601	0
Buildings	3,019	5,676
Right-of-use assets	47,567	23,294
Other equipment, plant, and office equipment	3,050	2,670
	56,237	31,640
HORNBACH Baustoff Union GmbH Subgroup		
Intangible assets	0	6,252
Buildings	446	0
Right-of-use assets	541	0
	987	**6,252**
Total	**57,224**	**37,892**

Reference is made to Note 7 with regard to capitalized financing costs.

The real estate assets are predominantly owned by HORNBACH Immobilien AG, by HORNBACH Baumarkt AG and by real estate companies established for this purpose.

Other equipment and plant and office equipment mainly relate to HORNBACH Baumarkt AG, Union Bauzentrum HORNBACH GmbH, Ruhland Kallenborn & Co. GmbH, and Robert Röhlinger GmbH in the case of German consolidated companies and to HORNBACH Baumarkt GmbH, HORNBACH Baumarkt Luxemburg SARL, HORNBACH Baumarkt CS spol s.r.o., HORNBACH Baumarkt SK spol s.r.o., HORNBACH Bouwmarkt (Nederland) B.V., HORNBACH Baumarkt (Schweiz) AG, HORNBACH Byggmarknad AB, HORNBACH Centrala SRL, HORNBACH Asia Ltd., and Etablissement Camille Holtz et Cie. SA in the case of foreign consolidated companies.

Investment property mainly relates to retail properties at various locations in Germany and abroad. The respective rental contracts have basic rental periods of 1 to 15 years and in some cases provide extension options for the lessees. The properties let to third parties are recognized at amortized cost. A useful life of 33 years has been assumed. The fair value of investment property amounts to around € 42.3 million (2022/23: € 42.7 million). The fair values have been determined by independent external surveyors, who generally calculate the capitalized earnings value pursuant to the German Real Estate Valuation Ordinance (ImmoWertV). The calculation is based on Level 3 input data. Key input factors include future rental income, the property rate, and operating costs. Application is also made of the comparative value method. This involves determining the fair value on the basis of transactions with comparable properties (Level 2 input data).

Rental income of € 3,094k was generated on properties let to third parties in the year under report (2022/23: € 2,845k). Expenses of € 1,246k were incurred for the maintenance of the properties let to third parties (2022/23: € 1,564k). Expenses of € 373k were incurred for all other items of investment property (2022/23: € 297k). The real estate acts as security for bank loans in the form of registered land charges amounting to € 217.1 million (2022/23: € 207.4 million).

(13) Leases

Leases developed as follows in the 2023/24 financial year:

2023/24 financial year € 000s	Land, leasehold rights, and buildings, including buildings on third-party land	Other equipment, plant, and office equipment	Total
Carrying amount at March 1, 2022	782,441	6,360	788,801
Additions	141,857	10,825	152,682
Write-ups	5,712	0	5,712
Depreciation and amortization	119,697	10,583	130,280
Disposals	1,017	94	1,111
Foreign currency translation	3,807	15	3,822
Carrying amount at February 28, 2023	**813,102**	**6,524**	**819,626**
Carrying amount at March 1, 2023	**813,102**	**6,524**	**819,626**
Additions	64,803	8,012	72,815
Write-ups	24,578	0	24,578
Depreciation and amortization	143,940	9,031	152,971
Disposals	10,570	108	10,678
Foreign currency translation	4,101	(33)	4,067
Carrying amount at February 29, 2024	**752,074**	**5,364**	**757,437**

In terms of land and buildings, the Group predominantly leases retail properties, including land and parking spaces, office buildings, and logistics centers. In the field of other equipment, plant and office equipment, the Group mainly leases physical advertising space, vehicles, and logistics-related plant and office equipment.

The contracts for land and buildings generally have fixed terms of up to 20 years (except for leasehold agreements) and include arrangements for extension and termination options. The provisions governing options and other conditions are individually negotiated for each contract. Alongside conditions which influence the respective term, the contracts also include rental price adjustment clauses linked to the development in consumer price indices. These increase the right-of-use asset and the lease liability as soon as the rate of increase for the consumer price index agreed in the contract is reached.

As of February 29, 2024, the contract portfolio comprises 177 property lease agreements (2022/23: 182). The weighted remaining term of this portfolio amounts to 12.0 years (2022/23: 11.9 years). The weighted remaining term of leases for plant and office equipment amounts to 1.5 years (2022/23: 1.6 years).

As of the reporting date, the Group has entered into several lease arrangements as a lessee in which the assets will only be assigned for use in the future or the respective contracts are still subject to conditions precedent. The resultant (undiscounted) payments for the non-terminable basic lease term amount to € 143,678k. (2022/23: € 82,991k).

The following amounts were recognized in the income statement and the cash flow statement in the 2023/24 financial year:

	2023/24 € 000s	2022/23 € 000s
Sales / other operating income		
Income from operating lease contracts	7,229	6,217
Income from sublease contracts	2,188	2,205
Other income from real estate lease contracts (service charge)	1,563	1,443
Selling and store expenses / pre-opening expenses / general and administration expenses		
Expenses for short-term lease contracts	6,030	8,386
Expenses for leases involving low-value assets	1,712	1,794
Other expenses from real estate lease contracts (service charge)	7,124	6,623
Depreciation and amortization/write-ups		
Depreciation of right-of-use assets	104,864	106,986
Impairment / write-up of right-of-use assets	23,529	17,582
Net financial expenses		
Financing income on net investment in lease	30,724	29,265
-	323	338
Outflow of cash in connection with leases	**167,054**	**162,589**

The “Other expenses for real estate lease contracts (service charge)” line item includes variable lease payments and ancillary expenses.

Lease liabilities have the following maturities:

€ 000s	2023/24		2022/23	
	Nominal value	Present value	Nominal value	Present value
Maturity < 1 year	133,192	100,487	137,631	100,800
Maturity 1 - 5 years	492,741	408,105	491,047	403,816
Maturity > 5 years	447,853	378,567	496,499	422,772
	1,073,786	**887,159**	**1,125,177**	**927,388**

The receivables of € 31,306k from operating lease contracts (2022/23: € 21,585k) mainly relate to retail properties let to third parties, open space, and office space. The contracts generally have terms of up to 15 years. There are no purchase options on the part of the lessees. In individual cases, the contracts include provisions governing extension options.

The receivables from operating lease contracts have the following maturities. For rental contracts with indefinite useful lives, rental income has only been recognized for up to one year.

Rental income from third parties € 000s	Maturities						Total
	1 year	2 years	3 years	4 years	5 years	> 5 years	
February 29, 2024	7,206	4,478	4,277	2,859	5,899	6,587	31,306
February 28, 2023	6,219	3,342	2,872	2,532	1,381	5,241	21,585

The receivables from finance lease contracts result from a subletting arrangement for a retail property for which the term is consistent with that of the head lease.

	2023/24 € 000s	2022/23 € 000s
Maturity < 1 year	396	796
Maturity 1 - 2 years	396	396
Maturity 2 - 3 years	396	396
Maturity 3 - 4 years	396	396
Maturity 4 - 5 years	396	396
Maturity > 5 years	5,804	6,200
Nominal value of lease payments	**7,784**	**8,580**
Gross investment	**7,784**	**8,580**
Financial income not yet realized	3,854	4,177
Net investment	**3,930**	**4,403**

(14) Financial assets

The development in financial assets in the 2022/23 and 2023/24 financial years was as follows:

€ 000s Cost	Investments	Total
Balance at February 28/March 1, 2023	**162**	**162**
Additions	50	50
Balance at February 29, 2024	**212**	**212**
Carrying amount at February 29, 2024	**212**	**212**
Carrying amount at February 28, 2023	162	162

There were no material changes in financial assets in the 2023/24 financial year. Dividends of € 4k were paid in the 2023/24 financial year (2022/23: € 6k).

The Group currently has no intention to sell the financial assets.

(15) Other non-current receivables and assets

Other non-current receivables and assets mainly consist of non-current lease receivables of € 3,756k (2022/23: € 3,838k) and accruals of € 2,152k with a remaining term of more than one year (2022/23: € 2,458k).

(16) Deferred taxes

Deferred taxes relate to the following items:

	2.29.2024		28.2.2023	
	Assets € 000s	Liabilities € 000s	Assets € 000s	Liabilities € 000s
Intangible assets and property, plant, and equipment	12,635	44,658	10,509	47,067
Leasing [1]	231,513	198,827	245,404	216,898
Inventories	926	6,384	1,225	5,845
Other assets and liabilities	1,921	3,147	1,690	3,112
Liabilities	136	402	90	1,076
Other provisions	10,763	1,315	9,923	687
Tax-free reserves	0	67	0	67
Losses carried forward	11,627	0	7,334	0
	269,521	**254,800**	**276,175**	**274,752**
Set-off [1]	(228,823)	(228,823)	(241,124)	(241,124)
Total	**40,698**	**25,976**	**35,051**	**33,628**

[1] Previous year's figures adjusted; see "Changes in accounting policies due to new accounting requirements".

(17) Inventories

	2.29.2024 € 000s	2.28.2023 € 000s
Raw materials and supplies	2,606	2,941
Finished products and merchandise	1,218,744	1,405,941
Inventories (gross)	**1,221,350**	**1,408,882**
less valuation allowances	25,695	26,534
Inventories (net)	**1,195,655**	**1,382,348**
Carrying amount of inventories measured at net realizable value	64,053	62,551

Expenses of € 3,909,188k were recognized as merchandise input expenses for merchandise and auxiliary materials and supplies in the 2023/24 financial year (2022/23: € 3,994,921k).

(18) Trade receivables and other current assets

These comprise the following items:

	2.29.2024 € 000s	2.28.2023 € 000s
Trade receivables	47,607	57,176
Receivables from affiliated companies	9	9
Contract assets	1,567	2,023
Positive fair values of derivative financial instruments	455	2,380
Other receivables and assets	115,252	103,064
	164,890	**164,652**

Trade receivables are initially recognized at fair value or – if they do not include any significant financing component – at their transaction price. The Group holds trade receivables to collect the contractual cash flows and subsequently measures them at amortized cost using the effective interest method and less any impairments. Details of the impairment methods used by the Group can be found in the information provided on the accounting policies applied in the consolidated financial statements and in Note 33.

In the previous year, trade receivables included receivables of € 3,596k assigned within factoring agreements that were not derecognized as all the credit risk remained at the HORNBACH Holding AG & Co. KGaA Group. A corresponding liability was recognized in the same amount. For these receivables, the business model involved selling these assets; in view of this, these receivables were measured at fair value.

Furthermore, in the previous year the Group had factoring agreements that resulted in the full derecognition of the respective trade receivables, but that nevertheless entailed continuing involvement pursuant to IFRS 7. This continuing involvement resulted from the fact that new obligations arose for HORNBACH upon the assignment of the respective receivable. The receivables assigned and fully derecognized were countered by a provision of € 63k that represented the likely liability risk. Any liability-related issues were generally addressed shortly after the assignment of the receivable. The maximum risk of loss amounted to € 3,365k as of February 28, 2023 and was based on the total loss of all relevant receivables. This amount was derived by multiplying the balance of receivables thereby assigned with the respective liability quota. The company did not generate any gain or loss at the time at which the receivable is assigned. Due to the change in factoring company and associated conditions, there was no longer any continuing involvement in the year under report. At the end of the financial year, the provision stated to offset the receivables assigned and fully derecognized thereby amounts to € 0k. The expenses recognized in the 2023/24 financial year for receivables that were assigned and fully derecognized and that subsequently defaulted amount to € 454k (2022/23: € 638k).

Contract assets represent the contingent claims from customers for trade firm orders not yet completed.

Other receivables and assets mainly consist of receivables in connection with credit notes for goods and bonus agreements, receivables from credit card companies, pledged funds, and deferred charges and prepaid expenses. This item also includes recourse claims of € 4,855k for expected returns (2022/23: € 4,916k). Furthermore, this item also includes tax refund claims of € 8,098k (2022/23: € 3,389k). Further information about these can be found in Note 27.

As in the previous year, there are no major restrictions on ownership or disposition rights in respect of the receivables and other assets reported.

Allowances for trade receivables and for other receivables and assets developed as follows:

€ 000s	Trade receivables		Other receivables and assets	
	2023/24	2022/23	**2023/24**	2022/23
Allowances at March 1	**7,759**	**5,634**	**619**	**470**
Utilization	2,020	930	224	7
Reversals	1,877	1,483	142	155
Additions	3,204	4,527	280	307
Foreign currency translation	(7)	11	3	4
Allowances at February 28/February 29	**7,059**	**7,759**	**536**	**619**

Within the allowances recognized for trade receivables, the risk provision is basically accounted for using the simplified allowance model as follows: A risk provision of € 4,559k depending on the term and in the range 0.59%-2.82% (2022/23: € 5,269k in the range: 0.79%-2.07%) and individual allowances of € 2,500k recognized due to objective indications or payment difficulties (2022/23: € 2,490k).

Within the allowances recognized for other receivables and assets, the risk provision is basically accounted for using the general allowance model as follows: individual allowances of € 377k due to objective indications (2022/23: € 304k) and further individual allowances of € 95k depending on the extent to which the receivables are overdue (2022/23: € 221k). The risk provision for contract assets is based on the simplified allowance model and, at the end of the financial year, amounted to € 64k (2022/23: € 94k).

The complete derecognition of receivables resulted in expenses of € 2,527k (2022/23: € 1,257k). The receipt of receivables already derecognized resulted in income of € 51k (2022/23: € 99k).

In the 2023/24 financial year, there were no material balances of derecognized receivables subject to execution proceedings.

(19) Cash and cash equivalents

	2.29.2024 € 000s	2.28.2023 € 000s
Cash balances at banks	340,574	407,453
Checks and cash on hand	29,679	29,523
	370,253	**436,976**

(20) Non-current assets held for sale and disposal groups

This item includes assets which are highly likely to be sold in the coming financial year.

In the 2023/24 financial year, one piece of land with a carrying amount of € 286k in the "HORNBACH Baumarkt AG Subgroup" segment was reclassified out of the "investment property" balance sheet line item.

The pieces of land with carrying amounts of € 2,881k already reclassified in the previous year were sold in the 2023/24 financial year. In the past financial year, currency translation effects of € 14k were attributable to these assets. A profit of € 2,393k was realized in connection with the sale. The disposal gains thereby generated were recognized under other operating income from non-operating activities and are attributable to the "HORNBACH Baumarkt AG Subgroup" segment.

In the previous year, the reclassified piece of land in the "HORNBACH Immobilien AG Subgroup" segment was sold. A profit of € 219k was realized. The disposal gains thereby generated were recognized under other operating income from non-operating activities.

As in the previous year, no impairment losses or write-ups were recognized on non-current assets held for sale in the 2023/24 financial year.

(21) Shareholders' equity

The development in the shareholders' equity of the HORNBACH Holding AG & Co. KGaA Group is shown in the statement of changes in Group equity for the 2023/24 and 2022/23 financial years.

Share capital

At the balance sheet date on February 29, 2024, the share capital of HORNBACH Holding AG & Co. KGaA amounted to € 48,000,000.00 and was divided into 16,000,000 ordinary shares with a prorated nominal amount in the share capital of € 3.00 per share.

By resolution of the Annual General Meeting on July 8, 2021, the General Partner is authorized until July 7, 2026, subject to approval by the Supervisory Board, to increase the company's share capital in full or in part by a total of up to € 9,600,000.00 by issuing up to 3,200,000 new no-par bearer shares on one or more occasions in return for cash and/or non-cash contributions.

The total amount of shares issued by drawing on Authorized Capital 2021 and the shares that may or are to be issued during the term of this authorization to service conversion or option rights or to satisfy conversion or option obligations for convertible bonds with option and/or conversion rights or obligations (or a combination of these instruments) may not exceed an amount of share capital totaling € 9,600,000.00 (corresponding to 20% of share capital).

The company held a total of 9,193 ordinary shares as treasury stock at the balance sheet date on February 29, 2024.

Publication of WpHG voting right notifications

§ 33 (1) of the German Securities Trading Act (WpHG) requires shareholders to disclose the fact that their share of voting rights has reached, exceeded, or fallen short of specific disclosure thresholds within four trading days. The disclosure thresholds amount to 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50%, and 75%. Similar disclosure obligations are set out in § 38 and § 39 WpHG for the bearers of financial instruments once they reach, exceed, or fall short of the aforementioned disclosure thresholds except for the 3% threshold. Pursuant to § 40 WpHG, HORNBACH Holding AG & Co. KGaA is obliged to publish such notifications immediately, and no later than three trading days after receipt. We received and published one such notification in the reporting period from March 1, 2023 to February 29, 2024. Notifications can be found in the “NEWS” section of the company website at www.hornbach-group.com (filtered by catchword “voting right notification”).

Capital reserve

The capital reserve includes the equity components generated over and above the par value of the shares issued.

Revenue reserves

Revenue reserves include the statutory reserve and “other revenue reserves”, as well as accumulated earnings and equity components recognized in equity that are attributable to shareholders.

Minority interests

Shares held by third parties in the equity of consolidated subsidiaries (non-controlling interests) are reported under minority interests.

Within the HORNBACH Holding AG & Co. KGaA Group, material non-controlling interests relate solely to HORNBACH Baumarkt AG. The share of capital and voting rights for the non-controlling interests in HORNBACH Baumarkt AG amounts to 6.32% (2022/23: 7.85%). Based in Bornheim (Germany), HORNBACH Baumarkt AG is the parent company of the HORNBACH Baumarkt AG Group. This Subgroup constitutes a proprietary segment within the HORNBACH Holding AG & Co. KGaA Group. As the non-controlling interests in HORNBACH Baumarkt AG impact on the inclusion of the entire Subgroup in the consolidated financial statements of HORNBACH Holding AG & Co. KGaA, the information below is presented in aggregated form for the HORNBACH Baumarkt AG Subgroup. The information is presented prior to the elimination of intercompany transactions with other subsidiaries included in the consolidated financial statements of HORNBACH Holding AG & Co. KGaA.

€ 000s	**February 29, 2024**	February 28, 2023
Sales	5,779,967	5,843,052
Consolidated net income	74,505	108,184
of which: attributable to non-controlling interests	6,475	10,694
Other comprehensive income	(7,362)	26,981
Total comprehensive income	**67,143**	**135,165**
of which: attributable to non-controlling interests	5,818	12,999
Assets	4,255,873	4,468,452
Liabilities	2,673,785	2,924,881
Net assets	**1,582,088**	**1,543,571**
of which: attributable to non-controlling interests	100,370	113,913
Cash flow from operating activities	437,223	449,298
Cash flow from investing activities	(148,437)	(154,027)
Cash flow from financing activities	(340,780)	(194,976)
Cash-effective change in cash and cash equivalents	**(51,994)**	**100,295**
Dividends paid to non-controlling interests	2,248	2,564

[1] The dividend payments are included in the outflow of cash for financing activities.

Disclosures about capital management

The capital management practiced by HORNBACH Holding AG & Co. KGaA pursues the aim of maintaining a suitable equity base in the long term. The equity ratio is viewed as representing an important key figure for investors, analysts, banks and rating agencies. The company aims on the one hand to achieve the growth targets it has set itself while maintaining healthy financing structures and a stable dividend policy, and on the other hand to achieve long-term improvements in its key rating figures. The capital management instruments deployed include active debt capital management.

The company has entered into covenants towards some providers of debt capital which, among other conditions, require it to maintain an equity ratio of at least 25%. The equity ratio, interest cover, debt/equity ratio, and company liquidity (cash and cash equivalents plus unutilized committed credit lines) are monitored monthly as part of the company's internal risk management. Further key figures are calculated on a quarterly basis. Should the values fall short of certain target levels, then suitable countermeasures are initiated at an early stage. The covenants were complied with at all times during the 2023/24 financial year. The equity ratio amounted to 43.5% as of February 29, 2024 (2022/23: 40.1%).

No changes were made to the company's capital management approach in the financial year under report.

Employee shares at the HORNBACH Holding AG & Co. KGaA Group

On the basis of a resolution adopted by the Board of Management on October 10, 2023, the employees of HORNBACH Holding AG & Co. KGaA and its domestic and foreign subsidiaries were offered employee shares. A total of 55,000 shares in HORNBACH Holding AG & Co. KGaA were acquired via the stock exchange. Employees were assigned 52,682 shares. The company held the remaining 2,318 shares as treasury stock as of the balance sheet date. The 52,682 shares ceded to employees were acquired at an average price of € 71.29 and subsequently assigned at a price of € 29.50. An amount of € -613k was recognized in equity to account for the difference between the acquisition price and the stock market price upon the date on which the shares were assigned to employees. The difference between the stock market price upon assignment and the price at which the shares were ceded to employees was recognized through profit or loss. A total of 150 shares were assigned to employees of HORNBACH Holding AG & Co. KGaA, while 52,532 shares were assigned to employees of subsidiaries.

(22) Distributable earnings and dividends

The distributable amounts involve the unappropriated net profit reported in the balance sheet of HORNBACH Holding AG & Co. KGaA prepared in accordance with German commercial law.

HORNBACH Holding AG & Co. KGaA concluded the 2023/24 financial year with an annual net surplus of € 58,696,603.35. Including profit carried forward of € 14,406,789.81, unappropriated net profit amounts to € 73,103,393.16.

The Board of Management of the General Partner HORNBACH Management AG and the Supervisory Board of HORNBACH Holding AG & Co. KGaA will propose to the Annual General Meeting that the unappropriated net profit of € 73,103,393.16 be appropriated as follows:

	€
Dividend of € 2,40 on 15,990,807 shares	38,377,936.80
Balance to be carried forward	34,725,456.36
	73,103,393.16

In the 2023/24 financial year, the Annual General Meeting held on July 7, 2023 approved a dividend of € 2.40. The total amount distributed thus amounted to € 38,384k (2022/23: € 38,400k).

(23) Financial debt

Total current and non-current financial debt is structured as follows:

€ 000s	Maturities			Carrying amount
	Current < 1 year	Non-current 1 to 5 years	Non-current > 5 years	2.29.2024 Total
Bonds		248,684		248,684
Liabilities to banks	90,154	233,100	113,400	436,655
Lease liabilities	100,487	408,105	378,567	887,159
Negative fair values of derivative financial instruments	275			275
Total	**190,916**	**889,890**	**491,967**	**1,572,773**

€ 000s	Maturities			Carrying amount
	Current < 1 year	Non-current 1 to 5 years	Non-current > 5 years	2.28.2023 Total
Bonds		248,173		248,173
Liabilities to banks	300,628	219,977	83,985	604,589
Lease liabilities	100,800	403,816	422,772	927,388
Negative fair values of derivative financial instruments	107			107
Total	**401,534**	**871,966**	**506,757**	**1,780,258**

The HORNBACH Holding AG & Co. KGaA Group had current financial debt amounting to € 190.9 million at the balance sheet date on February 29, 2024 (2022/23: € 401.5 million). This consists of the portion of loans maturing in the short term, amounting to € 26.9 million (2022/23: € 198.9 million), lease liabilities of € 100.5 million (2022/23: € 100.8 million), short-term time loans and overdraft drawdowns of € 57.5 million (2022/23: € 95.4 million), interest deferrals of € 5.8 million (2022/23: € 6.3 million), and liabilities of € 0.3 million relating to the measurement of derivative financial instruments (2022/23: € 0.1 million).

The interest of € 2.8 million accrued since the previous bond interest payment date has been recognized in the carrying amount of liabilities to banks (2022/23: € 2.8 million).

The Group has the following material financing facilities:

Borrower	Instrument	Amount		Term beginning	Due date	Interest Rate
HORNBACH Holding B.V.	Promissory note bond	43 million	EUR	09.13.2018	09.15.2025	Fixed*
HORNBACH Baumarkt AG	Promissory note bond	74 million	EUR	02.22.2019	02.23.2026	Fixed*
HORNBACH Baumarkt AG	Corporate bond	250 million	EUR	10.25.2019	10.26.2026	Fixed **
HORNBACH Holding AG & Co.KGaA	Promissory note bond	50 million	EUR	06.01.2022	06.01.2027	Fixed*
HORNBACH Holding AG & Co.KGaA	Promissory note bond	50 million	EUR	06.01.2022	06.01.2029	Fixed*

* The costs relating to the issue have been spread over the term.
** Based on an issue price of 99.232% the effective yield amounts to 3.48%. The costs of € 1,627k and disagio of € 1,902k have been spread over the term using the effective interest method.

Alongside the aforementioned financing facilities, the Group has further non-current liabilities, generally secured by mortgages, to banks. Liabilities to banks, originally of a non-current nature, are structured as follows:

2023/24 financial year	Currency	Interest agreement in % (including swap)	Maturity	**Amount 2.29.2024 € 000s**
Loans	EUR	1.50 to 2.46	2025 to 2029	216,702
Mortgage loans	EUR	0.55 to 4.43	2028 to 2038	108,936
	CZK	2.19 to 3.57	2024 to 2026	13,341
	RON	9.15 to 9.15	2033 to 2033	27,227
	SEK	1.50 to 4.97	2024 to 2028	7,168
				373,374

2022/23 financial year	Currency	Interest agreement in % (including swap)	Maturity	Amount 2.28.2023 € 000s
Loans	EUR	0.85 to 2.46	2023 to 2029	394,557
Mortgage loans	EUR	0.55 to 3.71	2023 to 2032	80,698
	CZK	2.19 to 3.57	2024 to 2026	17,398
	SEK	1.50 to 4.97	2024 to 2028	10,176
				502,829

The non-current liabilities to banks have fixed interest rates.

As of February 29, 2024, the HORNBACH Holding AG & Co. KGaA Group had total credit lines of € 590.7 million (2022/23: € 603.6 million) on customary market terms. Unutilized credit lines amounted to € 520.5 million (2022/23: € 494.3 million). Furthermore, HORNBACH Baumarkt AG has a credit line for import credits.

The credit lines at the HORNBACH Holding AG & Co. KGaA Group include a syndicated credit line of € 500 million at HORNBACH Holding AG & Co. KGaA that was agreed on September 2, 2022 and has a term until September 2, 2028. This credit line includes a one-year extension option which may be drawn on in the second year of the contract and is guaranteed by HORNBACH Baumarkt AG, HORNBACH International GmbH, and HORNBACH Immobilien AG. To uphold the greatest possible flexibility, HORNBACH Holding AG & Co. KGaA may draw on the syndicated credit line and forward liquidity without restriction to the guarantors or indirectly to their subsidiaries. Supplementary bilateral loan contracts of up to € 150 million may be concluded within the credit framework (also in foreign currencies). Upon utilization of the credit line, the interest is based on the 3-month or 6-month Euribor plus an interest margin. The applicable interest margin is determined by reference to the company rating granted to HORNBACH Holding AG & Co. KGaA by an internationally recognized rating agency. For as long as no company rating is provided for HORNBACH Holding AG & Co. KGaA, reference is made to the rating of HORNBACH Baumarkt AG. Margin premiums apply should the level of utilization exceed specified threshold values. A provision fee dependent on the respective interest margin is charged for the unutilized portion of the credit line. The credit line includes a rendezvous clause that facilitates the conclusion no later than May 31, 2024 of a supplementary ESG agreement. Should the targets in this agreement be achieved, then the interest rate payable is reduced by up to 0.025% points.

No assets have been provided as security for the credit lines, the promissory note bonds, or the corporate bond. The relevant contractual arrangements nevertheless require compliance with customary bank covenants, non-compliance with which could lead to a premature repayment obligation. These regularly involve pari passu clauses and negative pledge declarations, as well as change of control, cross default, and cross acceleration arrangements for major financing facilities. In the case of the syndicated credit line at HORNBACH Holding AG & Co. KGaA, they also require compliance with specific financial ratios. These key financial ratios are based on consolidated figures at the HORNBACH Holding AG & Co. KGaA Subgroup and require interest cover of at least 2.25 times and an equity ratio of at least 25%. Maximum limits for financing facilities secured by land charges and financing facilities taken up by subsidiaries of HORNBACH Holding AG & Co. KGaA were also agreed. Comparable maximum limits were also agreed for the promissory note bonds at the HORNBACH Baumarkt AG Subgroup and at HORNBACH Holding AG & Co. KGaA. The corporate bond at HORNBACH Baumarkt AG is also subject to a comparable limit on financing facilities secured by land charges. The interest cover, equity ratio, agreed financing limits, and company liquidity (cash and cash equivalents, plus unutilized committed credit lines) are regularly monitored within the internal risk management framework. Should the values fall short of certain target levels, then countermeasures are initiated at an early stage. All covenants were complied with at all times in the year under report.

Land charges of € 217.1 million have been provided as security for liabilities to banks (2022/23: € 207.4 million).

The transition of future lease payments for leases has been presented in Note 13 “Leases”.

The following reconciliation presents the changes in financial liabilities and derivative financial instruments relating to the Group's financing activities:

Reconciliation pursuant to IAS 7	3.1.2023	Cash-effective changes	of which: interest included in cash flow from operating activities	Non-cash changes			2.29.2024
				Foreign currency translation	Changes in fair values	Other changes	
Bonds	248,173	(8,125)	8,125	0	0	511	248,684
Liabilities to banks	604,590	(184,128)	17,824	(1,406)	0	(225)	436,655
Lease liabilities	927,388	(137,496)	30,773	4,969	0	61,525	887,159
Financial and similar liabilities	**1,780,150**	**(329,749)**	**56,723**	**3,563**	**0**	**61,811**	**1,572,498**

Reconciliation pursuant to IAS 7	3.1.2022	Cash-effective changes	of which: interest included in cash flow from operating activities	Non-cash changes			2.28.2023
				Foreign currency translation	Changes in fair values	Other changes	
Bonds	247,663	(8,125)	8,125	0	0	510	248,173
Liabilities to banks	372,923	217,785	10,681	661	0	2,539	604,590
Liabilities from delisting offer	190,565	(190,565)	0	0	0	0	0
Lease liabilities	874,811	(132,363)	29,252	4,080	0	151,607	927,388
Financial and similar liabilities	**1,685,962**	**(113,268)**	**48,058**	**4,741**	**0**	**154,656**	**1,780,150**
Positive fair values of derivative financial instruments from financing activities	1,742	92	(92)	(74)	666	46	2,380
Derivative financial assets	**1,742**	**92**	**(92)**	**(74)**	**666**	**46**	**2,380**

(24) Pensions and similar obligations

As a result of legal requirements in individual countries and individual commitments made to its directors and officers, the HORNBACH Holding AG & Co. KGaA Group has obligations relating to defined benefit and defined contribution pension plans.

Defined contribution plans

Apart from payment of contributions, the defined contribution plans do not involve any further obligations on the part of the HORNBACH Holding AG & Co. KGaA Group. The total of all defined contribution pension expenses amounted to € 78,872k in the 2023/24 financial year (2022/23: € 77,892k). Of this total, an amount of € 43,358k involved the employer's share of contributions to the state pension scheme in Germany (2022/23: € 42,796k).

Multiemployer defined benefit plans

Joint pension plans are in place for staff employed in the Netherlands. As the pension providers for these plans do not provide the necessary information in the form required for recognition as defined benefit plans, these plans are recognized as defined contribution plans. Consistent with the requirements of this plan, HORNBACH Holding AG & Co. KGaA has no obligation to assume liability for the contributions of other employers participating in the plan. No probable material risks have been identified in connection with the multiemployer defined benefit pension plan. The company expects to pay contributions of € 10,890k in the 2024/25 financial year.

Defined benefit plans

- **Switzerland**

The HORNBACH Holding AG & Co. KGaA Group has one fund-financed pension plan which is financed via an external pension provider. This pension plan exists due to legal requirements in Switzerland (Swiss Occupational Pensions Act - BVG) and grants old-age, invalidity and fatality pensions and payments for 1,104 beneficiaries.

The pension plan offers benefits that exceed the statutory minimum requirements under the BVG legislation. The employee covers around 35% of the premiums to be paid for the savings balances, as well as further clearly defined costs. The remaining expenses are covered by the employer. Retirement pension contributions are age-dependent and rise with increasing age. Risk and cost premiums are calculated by the insurance company on an individual basis and reassessed each year. The actuarial risk in connection with this plan is borne by HORNBACH Holding AG & Co. KGaA. The pension plan must be fully covered on the basis of a statistical evaluation performed in accordance with BVG provisions. In the event of a shortfall, the pension authority is required to take measures such as setting additional employer and employee contributions or payments.

The pension provider constitutes a separate legal entity. This is responsible for managing the pension plan and has issued investment regulations defining the respective investment strategy. The highest decision-making body for the pension provider is the Board of Trustees. This consists of an equal number of employer and employee representatives from the companies participating in the plan.

- **Germany**

HORNBACH Baumarkt AG, HORNBACH Immobilien AG and HORNBACH Baustoff Union GmbH have undertaken to provide members of their Boards of Management or their managing directors with a securities-financed pension plan. This model offers the opportunity to increase pension claims, while the companies simultaneously guarantee a minimum return of 2% p.a. for members of their Boards of Management. Pension assets and voluntary additional contributions by members of the Boards of Management or managing directors are held in a fiduciary capacity and invested in diversified funds by Allianz Treuhand GmbH, Frankfurt am Main. The funds are invested in line with a capital investment concept jointly defined by the companies and Allianz Treuhand GmbH. Where amendments to the capital investment concept do not contravene the fiduciary objective, the companies themselves may have such amendments made. The risk that the trust assets do not generate the minimum return of 2% p.a. is borne by the companies.

The scope of obligation towards plan beneficiaries has been set in each case at a maximum of the fund assets and the present value of contributions paid, including the guaranteed return. To this end, the contributions paid by the employer and by the Board of Management are compared with the associated fund assets.

Furthermore, employees of the respective company also have the possibility of participating in a “working time account model”. Salary claims can be converted into so-called value credits in line with individual employee's requirements. Directly before the termination of the employment relationship for age-related reasons, these credits can then be used to enable the employee to retire early. Non-disbursed salary claims can be invested in various investment funds in line with the individual employee's risk preference. HORNBACH Holding AG & Co. KGaA guarantees the value retention of amounts contributed to value credits and thus bears the investment risk. Salary components contributed by the respective company or employees are managed within a so-called double fiduciary model by Allianz Treuhand GmbH, Frankfurt am Main. Provisions for obligations in connection with working time accounts have been offset as of the balance sheet date against the corresponding cover assets in the form of fund shares. Due to their pension-like character, these “other long-term benefits” have been recognized under pensions and similar obligations.

Pensions and similar obligations are structured as follows:

	2.29.2024 € 000s	2.28.2023 € 000s
Present value of pension obligation	108,903	94,011
less fair value of plan assets	(105,344)	(95,404)
Asset ceiling	1,702	1,493
Pension commitments as reported in balance sheet	**5,260**	**100**
of which pensions and similar obligations	5,260	144
of which: plan assets	0	(44)

The plan assets were structured as follows at the balance sheet date:

	2.29.2024 %	2.28.2023 %
Debt securities	61.6	66.3
Shares	5.9	7.0
Real estate	17.4	18.0
Other	15.1	8.7
	100.0	**100.0**

Change in pension obligation

	2023/24 € 000s	2022/23 € 000s
Present value of pension obligation at the beginning of the period	94,011	100,399
Current service cost of employer	5,747	6,264
Past service cost	(552)	(2,425)
Employee contributions	4,295	4,212
Interest cost	2,216	775
Payments from the plan	(4,314)	(5,385)
Actuarial gains/losses due to:		
Changes in demographic assumptions	0	256
Changes in financial assumptions	5,715	(13,356)
Experience adjustments	1,216	2,385
Insurance premiums	(2,539)	(2,075)
Foreign currency translation	3,109	2,961
Present value of pension obligation at the end of the period	**108,903**	**94,011**

Change in plan assets

	2023/24 € 000s	2022/23 € 000s
Plan assets at beginning of period	95,404	88,096
Employer contributions	6,428	6,189
Employee contributions	4,295	4,212
Payments from the plan	(4,302)	(5,345)
Interest income	2,360	700
Return on plan assets (excluding income recognized in net interest expenses)	629	1,167
Insurance premiums	(2,539)	(2,075)
Foreign currency translation	3,069	2,460
Plan assets at the end of the period	**105,344**	**95,404**

Responsibility for the plan asset investment strategy has been assigned to Allianz Treuhand GmbH for the German plans and to the top management body (Board of Trustees) at the BVG-Sammelstiftung Swiss Life for the Swiss plans. These external asset managers perform portfolio risk management and synchronize the development in plan assets and pension obligations in line with the conceptual and legal structure of the defined benefit plans.

HORNBACH Holding AG & Co. KGaA analyses the portfolio structure and performance at regular intervals in order to identify any need for action.

The expenses for defined benefit plans are presented below. As well as expenses and income recognized through profit or loss under personnel expenses and net financial expenses, these also include plan-related amounts recognized in other comprehensive income within equity.

	2023/24 € 000s	2022/23 € 000s
Current service cost of employer	5,747	6,264
Past service cost	(552)	(2,425)
Interest cost	2,271	775
Interest income	(2,360)	(693)
Effects recognized in P&L	**5,106**	**3,921**
Actuarial gains/losses due to:		
Changes in demographic assumptions	0	(256)
Changes in financial assumptions	(5,715)	13,356
Experience adjustments	(1,216)	(2,385)
Return on plan assets (excluding income recognized in net interest expenses)	629	1,167
Asset ceiling	(153)	(903)
Effects recognized in OCI	**(6,455)**	**10,980**
Costs for defined benefit plans	**11,561**	**(7,059)**

The amounts recognized through profit or loss are included in the income statement in the personnel expenses for the following functional areas and in net financial expenses:

	2023/24 € 000s	2022/23 € 000s
Selling and store expenses	3,514	2,562
General and administration expenses	1,681	1,278
Net interest expenses	(90)	81
	5,106	**3,921**

Actuarial assumptions

The calculation has been based on the following actuarial assumptions. These vary depending on the country in which the plan is based.

	2.29.2024		2.28.2023	
	Weighted average	Range	Weighted average	Range
Discount interest rate	1.9%	1.5% to 3.5%	2.5%	2.2% to 3.8%
Future salary increases	1.9%	0.0% to 3.0%	2.1%	0.0% to 3.0%
Future pension increases	0.4%	0.0% to 2.0%	0.4%	0.0% to 2.0%

The discount rate used has been determined on the basis of the return on blue-chip fixed-income industrial bonds. The assumptions concerning future mortality rates are based on published statistics and mortality tables. For plans in Germany, reference has been made to the “Heubeck Richttafeln 2018 G”. Swiss plans are governed by the “BVG 2020 Generationentafel (CMI)”.

Sensitivity analysis

The influence of those actuarial assumptions which, if changed, would materially impact on the measurement of the present value of the pension obligation, has been presented in the following sensitivity analysis. This presents that change in the present value of the pension obligation that would have arisen if different actuarial assumptions had been used as of the balance sheet date. The other parameters influencing the respective values have remained constant.

Change in present value of pension obligation

€ 000s	2.29.2024		2.28.2023	
	Increase	Decrease	Increase	Decrease
Discount rate (0.25 basis points change)	(2,168)	2,302	(1,738)	1,840
Future rate of pension increase (0.10 basis points change	630	n/a	496	n/a
Mortality (+ 1 year)	1,108	n/a	806	n/a

Future cash flows

Payments of contributions amounting to € 6,990k are expected for the 2024/25 financial year.

Expected payments	2.29.2024 € 000s
2024/2025	6,158
2025/2026	4,781
2026/2027	7,468
2027/2028	4,763
2028/2029	6,069
2029 to 2034	33,550

Expected payments	2.28.2023 € 000s
2023/2024	8,236
2024/2025	4,349
2025/2026	3,949
2026/2027	6,307
2027/2028	4,810
2028 to 2033	21,256

(25) Other non-current liabilities

Other non-current liabilities chiefly involve non-current provisions of € 50,778k (2022/23: € 46,095k). These mainly include provisions of € 22,970k (2022/23: € 21,288k) for contractually assumed structural maintenance obligations and personnel provisions of € 24,573k (2022/23: € 22,859k). The rental agreements underlying the maintenance obligations have remaining terms of between 1 and 15 years. The personnel provisions mainly relate to provisions recognized due to statutory requirements in Austria for employees in the event of their leaving the company (severance payments) and to anniversary bonus claims, part-time early retirement obligations, and long-term remuneration claims for the Board of Management. Further information about the severance payment obligation can be found at the end of this chapter.

The development in provisions is presented in Note 28.

Severance payments

Upon reaching retirement age (or if their employment is terminated), employees at Austrian subsidiaries are entitled to severance payments provided that they joined the company by December 31, 2002. The level of severance payment entitlement is based on the number of years of service and the most recent level of remuneration from the employment relationship. The volume of obligation is reviewed annually and adjusted accordingly on the basis of an external survey. The actuarial risks associated with this plan are borne by the HORNBACH Holding AG & Co. KGaA Group.

Severance payments represent other defined benefit post-employment benefits and are therefore recognized under other non-current liabilities. The provision for severance payments is measured at the present value of the pension obligation.

Change in pension obligation and costs of plan

	2023/24 € 000s	2022/23 € 000s
Present value of pension obligation at the beginning of the period	4,987	5,845
Current service cost of employer	211	237
Payments from the plan	(467)	(374)
Interest cost	182	83
Actuarial gains/losses due to:		
Changes in financial assumptions	30	(1,094)
Experience adjustments	(151)	289
Present value of pension obligation at the end of the period	**4,791**	**4,987**

	2023/24 € 000s	2022/23 € 000s
Current service cost of employer	211	237
Interest cost	182	83
Effects recognized in P&L	**392**	**320**
Actuarial gains/losses due to:		
Changes in financial assumptions	(30)	1,094
Experience adjustments	151	(289)
Effects recognized in OCI	**121**	**805**
Total costs for the plan	**271**	**(484)**

The average remaining term of the obligation amounts to 11.0 years (2022/23: 13.4 years).

Actuarial assumptions and sensitivity analysis

	2.29.2024	2.28.2023
Discount interest rate	3.4%	3.7%
Future salary increases	3.1%	3.3%

The discount rate used has been determined on the basis of the return on blue-chip fixed-income industrial bonds. The biometric calculation has been based on „AVÖ 2018 P – Rechnungsgrundlage für die Pensionsversicherungen". The influence of those actuarial assumptions which, if changed, would materially impact on the measurement of the present value of the pension obligation, has been presented in the following sensitivity analysis. This presents that change in the present value of the pension obligation that would have arisen if different actuarial assumptions had been used as of the balance sheet date. The other parameters influencing the respective values have remained constant.

Change in the present value of the pension obligation

€ 000s	2.29.2024		2.28.2023	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5 basis points change)	(247)	267	(262)	284
Future rate of salary increase (0.5 basis points change)	257	(240)	283	(264)

(26) Trade payables and other current liabilities

	2.29.2024 € 000s	2.28.2023 € 000s
Trade payables	397,434	383,545
Liabilities to affiliated companies	2,173	1,109
of which: to shareholders	2,173	1,109
Liabilities for reverse factoring program	149,107	250,016
Contract liabilities	45,131	49,477
Other liabilities	115,003	116,605
of which: other taxation	33,541	35,384
of which: social security contributions	7,536	8,219
	708,848	**800,752**

Trade payables, liabilities to affiliated companies, liabilities for the reverse factoring program, contract liabilities, and other liabilities have remaining terms of less than one year. Trade payables are secured by reservations of title to the customary extent.

The company has liabilities resulting from its participation in a reverse factoring program. This involves derecognition of the original trade payables as a debt-discharging payment is made by the financing partner to settle the corresponding trade payables. Due to the inclusion of a financing partner, the contractual conditions of the payables covered by the reverse factoring program are modified towards suppliers to an extent customary in the sector. In terms of their economic character, these payables serve the regular business cycle. The Group therefore views payables covered by the reverse factoring program as remaining a constituent component of working capital.

Contract liabilities include prepayments received for customer orders and customer credit balances for vouchers.

Other taxation liabilities include amounts for which the individual Group companies are liable. Liabilities for social security contributions particularly include contributions yet to be remitted to the social security funds. In addition to the aforementioned items, other liabilities mainly include deposits and pledged funds, and amounts due for outstanding invoices. Other liabilities include refund liabilities of € 8,577k (2022/23: € 8,529k), which mainly relate to expected returns.

(27) Income tax receivables and liabilities

The receivables and liabilities relating to taxes on income involve current tax liabilities / receivables and taxes for previous financial years. Current tax liabilities are offset against corresponding income tax refund claims, provided that they relate to the same tax jurisdiction and are identical as far as their type and their due date are concerned. Of the tax liabilities of € 29,406k for current income taxes (2022/23: € 35,196k), an amount of € 20,901k relates to Germany (2022/23: € 19,178k) and € 8,505k to other countries (2022/23: € 16,018k).

The income tax receivables of € 27,501k (2022/23: € 20,911k) mainly result from deductions for imputable capital gains tax on the dividend from HORNBACH Baumarkt AG, as well as from prepayments of corporate income tax.

Reference is made to the information about deferred taxes included in Note 16 with regard to the deferred tax assets and liabilities recognized under non-current assets and non-current liabilities.

(28) Other provisions and accrued liabilities

Other provisions and accrued liabilities developed as follows in the 2023/24 financial year:

€ 000s	Opening balance at 3.1.2023	Utilization	Reversals	Additions	Interest compounding	Foreign currency translation	Closing balance at 2.29.2024	of which: non-current
Other provisions								
Personnel	22,859	1,308	121	2,813	368	(36)	24,573	24,573
Miscellaneous	24,621	7,660	1,359	12,264	285	85	28,235	26,205
	47,479	**8,968**	**1,480**	**15,076**	**653**	**49**	**52,808**	**50,778**
Accrued liabilities								
Other taxes	21,948	603	71	1,388	0	(9)	22,652	0
Personnel	73,053	67,161	1,390	71,178	0	(250)	75,431	0
Miscellaneous	32,303	24,750	2,904	26,574	0	98	31,319	0
	127,303	**92,514**	**4,366**	**99,140**	**0**	**(161)**	**129,402**	**0**
	174,782	**101,482**	**5,846**	**114,216**	**653**	**(113)**	**182,210**	**50,778**

Reference is made to Note 25 with regard to details of non-current provisions.

The accrued liabilities for personnel obligations primarily relate to outstanding vacation entitlements, vacation pay, Christmas bonuses, contributions to employer's liability insurance associations, and employee bonuses. Miscellaneous accrued liabilities relate in particular to utility expenses (gas, water, electricity), property duties, advertising expenses, as well as to year-end expenses and legal advisory expenses.

Other Disclosures

(29) Guarantees and other commitments

As in the previous year, there were no guarantees or other commitments as of February 29, 2024.

(30) Other financial obligations

€ million	Maturities			2.29.2024
	Current < 1 year	Non-current 1 to 5 years	Non-current > 5 years	Total
Purchase obligations for investments	143.5	0.0	0.0	143.5
Software rental / licenses	22.0	19.3	0.0	41.3
Miscellaneous financial obligations	6.9	0.0	0.0	6.9
	172.4	**19.3**	**0.0**	**191.7**

€ million	Maturities			2.28.2023
	Current < 1 year	Non-current 1 to 5 years	Non-current > 5 years	Total
Purchase obligations for investments	132.2	0.0	0.0	132.2
Software rental / licenses	16.9	12.8	0.7	30.4
Miscellaneous financial obligations	3.9	0.0	0.0	3.9
	153.0	**12.8**	**0.7**	**166.5**

The miscellaneous financial obligations mainly comprise maintenance and service charges, as well as other service obligations.

(31) Legal disputes

HORNBACH Holding AG & Co. KGaA does not anticipate that it or any of its Group companies will be involved in current or foreseeable court or arbitration proceedings which could have any material effect on the economic situation of the Group. Moreover, appropriate provisions have been stated and adequate insurance benefits are anticipated at the relevant Group companies for any financial charges in connection with other legal or arbitration proceedings. Such charges are therefore not expected to have any material impact on the financial position of the Group.

(32) Supplementary disclosures on financial instruments

The following tables show the carrying amounts and the fair values of individual financial assets and liabilities pursuant to IFRS 7 as of February 29, 2024:

€ 000s	Category	Carrying amount 2.29.2024	Fair value 2.29.2024	Carrying amount 2.28.2023	Fair value 2.28.2023
Assets					
Financial assets	FVtOCI	212	212	162	162
Trade receivables	AC	47,616	47,616	53,395	53,395
Trade receivables in factoring arrangements that are not derecognized	FVtPL	0	0	3,790	3,790
Contract assets	AC	1,567	1,567	2,023	2,023
Other current and non-current assets					
Derivatives without hedge relationship	FVtPL	455	455	2,380	2,380
Other assets	AC	90,509	90,509	79,764	79,764
Cash and cash equivalents	AC	370,253	370,253	436,976	436,976
Equity and liabilities					
Financial debt					
Bonds	AC	248,684	244,738	248,173	237,000
Liabilities to banks	AC	436,655	404,874	604,589	559,077
Lease liabilities	n/a	887,159	n/a	927,388	n/a
Derivatives without hedge relationship	FVtPL	275	275	107	107
Trade payables	AC	399,607	399,607	384,654	384,654
Liabilities from the reverse factoring program	AC	149,107	149,107	250,016	250,016
Other current and non-current liabilities	AC	44,640	44,640	56,033	56,033
Accrued liabilities	AC	31,319	31,319	32,301	32,301

The interest of € 2,827k accrued since the previous bond interest payment date has been recognized in the carrying amount of liabilities to banks (2022/23: € 2,827k).

The following items are outside the scope of IFRS 7: other current and non-current assets of € 32,740k (2022/23: € 30,103k), other current and non-current liabilities of € 141,470k (2022/23: € 143,676k), and accrued liabilities of € 98,083k (2022/23: € 95,002k).

Aggregate totals by measurement category € 000s	Carrying amount 2.29.2024	Carrying amount 2.28.2023
Amortized cost (AC) financial assets	509,945	572,158
FVtOCI	212	162
FVtPL	455	6,170
Amortized cost (AC) financial liabilities	1,310,012	1,575,767
FVtPL	275	107

Cash and cash equivalents, trade receivables, other assets, accrued liabilities, trade payables, and other liabilities mature in the short term in the majority of cases. Their carrying amounts therefore basically correspond to their fair values as of the balance sheet date. Financial assets include shareholdings recognized at cost due to the lack of an available fair value.

The derivative financial instruments within hedges recognized in the balance sheet mainly involve interest hedges (interest swaps). Derivative financial instruments outside of hedges include foreign currency items for outstanding orders and measurement items for outstanding forward exchange transactions. Their fair value measurement has been based on customary valuation models (e.g. discounted cash flow method) by reference to interest and foreign exchange curves available on the market and with congruent terms, and thus corresponding to Level 2 input factors in the fair value hierarchy. The fair values of fixed-interest liabilities to banks and of lease contracts have been measured by analogy. The credit risk for the aforementioned financial instruments has been accounted for by reference to risk premiums available on the market. The fair value of the publicly listed corporate bond corresponds to the nominal value multiplied by the market value at the balance sheet date. The fair value has thus been determined by reference to Level 1 data in the fair value hierarchy.

The assessment as to whether a transfer between different levels of the fair value hierarchy has arisen for financial assets and liabilities measured at fair value is performed at the end of the reporting period. No reclassifications were made in the period under report.

The following financial instruments whose measurement has been based on fair value hierarchy input data have been recognized at fair value in the balance sheet or the notes:

€ 000s	Category	2.29.2024	2.28.2023
Assets			
Valuation based on Level 2 input data			
Derivatives with hedge relationship	n.a.	0	0
Derivatives without hedge relationship	FVtPL	455	2,380
Liabilities			
Valuation based on Level 2 input data			
Bonds	AC	244,738	237,000
Valuation based on Level 2 input data			
Liabilities to banks	AC	404,874	559,077
Derivatives without hedge relationship	FVtPL	275	107

In the income statement, net results are included in the following line items:

Net result by measurement category	2023/24 € 000s	2022/23 T€
Amortized cost (AC) financial assets	(3,702)	(3,593)
Amortized cost (AC) financial liabilities	5,484	(284)
FVtPL	(806)	5,096

The net results of the "FVtPL" measurement category are attributable to derivative financial instruments. The net results of the "Amortized cost (AC)" measurement categories for financial assets and financial liabilities involve foreign currency translation items, disposal gains, and write-downs.

No financial instruments are reported on a net basis in the balance sheet. Supplementary arrangements permitting the economic netting of recognized financial instruments exist for swap and forward exchange transactions concluded by the Group. These are governed by the German Master Agreement for Financial Derivative Transactions. In the following table, the economic netting volume is presented for derivatives with hedge relationships (swap) and without hedge relationships (forward exchange).

2.29.2024 € 000s	Gross amount	Set-off	Net amount	Potential netting volume		Potential net amount
				Netting arrangements	Financial collateral	
Assets						
Derivatives without hedge relationship	455	0	455	(12)	0	443
Derivatives with hedge relationship	0	0	0	0	0	0
Equity and liabilities						
Derivatives without hedge relationship	275	0	275	12	0	262
Derivatives with hedge relationship	0	0	0	0	0	0

2.28.2023 € 000s	Gross amount	Set-off	Net amount	Potential netting volume		Potential net amount
				Netting arrangements	Financial collateral	
Assets						
Derivatives without hedge relationship	2,380	0	2,380	(1)	0	2,379
Derivatives with hedge relationship	0	0	0	0	0	0
Equity and liabilities						
Derivatives without hedge relationship	107	0	107	1	0	106
Derivatives with hedge relationship	0	0	0	0	0	0

(33) Risk management and financial derivatives

Risk management principles

The assets, liabilities and planned financial transactions of the HORNBACH Holding AG & Co. KGaA Group are subject in particular to risks resulting from changes in exchange rates and interest rates.

The aim of the company's risk management is therefore to minimize these market risks by means of suitable financial market-based hedging activities. To achieve this aim, derivative financial instruments are deployed to limit interest rate and foreign currency risks. In general, however, the company only hedges those risks which could impact materially on its financial result.

The necessary decisions may only be taken on the basis of the strategic requirements determined by the Chief Financial Officer. These requirements focus on hedging interest rate and foreign currency risks. Moreover, these requirements do not permit financial transactions to be undertaken for speculative purposes. Furthermore, certain transactions also require prior approval by the Supervisory Board.

The Treasury Department regularly reviews and monitors the current and future interest charge and the foreign exchange requirements of the overall Group. The Board of Management is informed of its findings on a regular basis.

Market risks

For the presentation of market risks, IFRS 7.40 "Financial Instruments: Disclosures" requires the hypothetical impact on profit and loss and equity which would have resulted if those changes in the relevant risk variables (e.g. market interest rates or exchange rates) which could reasonably be assumed to be possible at the balance sheet date had actually materialized to be presented on the basis of sensitivity analyses. The market risks faced by the HORNBACH Holding AG & Co. KGaA Group consist of foreign currency risks and interest rate risks. The company does not face any other price risks.

Foreign currency risks

Foreign currency risks, i.e. potential reductions in the value of a financial instrument or future cash flow due to changes in foreign exchange rates, particularly apply wherever monetary financial instruments, such as receivables or liabilities, exist in a currency other than the local currency of the company, or will exist in the scheduled course of business. The foreign currency risks of the HORNBACH Holding AG & Co. KGaA Group mainly result from financing measures and from the company's business operations. Exchange rate differences arising from the translation of financial statements into the Group currency do not constitute a foreign currency risk as defined by IFRS 7.

In cases where long-term financing requirements are involved, the Group companies are largely financed by means of external financing measures denominated in the functional currency of the corresponding Group company (natural hedging). Moreover, there are also intragroup loans denominated in euros, thus resulting in foreign currency risks at those Group companies which have a functional currency other than the euro. These risks are basically not hedged.

Foreign currency loans whose foreign currency risk is hedged by cash flow hedges do not result in any foreign currency risk. These items have therefore not been accounted for in the sensitivity analysis.

The foreign currency risks faced by the HORNBACH Holding AG & Co. KGaA Group in its business operations mainly relate to the purchase of goods in the Far East using US dollars and from intragroup supplies and services, which are basically handled in euros. The US dollar currency risk is hedged with fixed deposits denominated in US dollars and forward exchange transactions.

Including hedging measures, the Group had the following main foreign currency items open as of the balance sheet date:

Thousand	2.29.2024	2.28.2023
EUR	(99,863)	(203,054)
USD	(17,020)	(19,678)
CZK	(1,930)	(1,288)
SEK	(58)	(23)
CNY/CNH	1,925	2,106

The above EUR currency position results from the following currency pairs: CHF/EUR € -63,495k (2022/23: € -90,209k), RON/EUR € -21,074k (2022/23: € -71,978k), SEK/EUR € -41,537k (2022/23: € -36,987k), and CZK/EUR € -26,243k (2022/23: € -3,879k).

The most important exchange rates have been presented under "Foreign currency translation".

In the sensitivity analysis provided below for foreign currency risks, it has been assumed that the foreign currency holdings as of the balance sheet date are representative of the financial year as a whole.

If the euro had **appreciated by 10%** compared with the Group's other main currencies at the balance sheet date, and all other variables had remained unchanged, consolidated earnings before taxes would have been € 8,642k lower (2022/23 € 14,020k). Conversely, if the euro had **depreciated by 10%** compared with the Group's other main currencies at the balance sheet date, and all other variables had remained unchanged, then consolidated earnings before taxes would have been € 8,642k higher (2022/23: € 14,020k). The hypothetical impact on earnings of € 8,642k (2022/23: € 14,020k) is the result of the following sensitivities: EUR/CHF € 6,230k (2022/23: € -5k), EUR/RON € 2,114k (2022/23: € 10,672k), EUR/SEK € 4,818k (2022/23: € 4,873k), EUR/CNY(CNH) € 172k (2022/23: € 234k), EUR/CZK € -2,935k (2022/23: € 257k), and EUR/USD € -1,757k (2022/23: € -2,006k).

Interest rate risks

At the end of the year, the Group was principally financed by a euro bond with a nominal total of € 250,000k (2022/23: € 250,000k), two promissory note bonds amounting to € 100,000k at HORNBACH Holding AG & Co. KGaA (2022/23: € 100,000k), one promissory note bond (2022/23: two) amounting to € 43,000k at HORNBACH Holding B.V. (2022/23: € 95,000k), one promissory note bond (2022/23: two) amounting to € 74,000k at HORNBACH Baumarkt AG (2022/23: € 200,000k), and a mortgage loan of € 41,250k at HORNBACH Immobilien AG (2022/23: € 46,250k). One promissory note bond of € 52,000k at HORNBACH Holding B.V. was repaid in the year under report, as was one promissory note bond of € 126,000k at HORNBACH Baumarkt AG. Moreover, the Group also has short-term and long-term euro loans amounting to € 67,686k (2022/23: € 34,503k), long-term CZK loans amounting to € 13,341k (2022/23: € 17,398k), long-term SEK loans amounting to € 7,282k (2022/23: € 10,317k), and long-term RON loans amounting to € 27,227k (2022/23: € 0k). Moreover, the Group had current liabilities to banks of € 52,500k as of the balance sheet date (2022/23: € 85,500k).

The sensitivity analysis provided below is based on the following assumptions:

In the case of fixed-interest primary financial instruments, changes in market interest rates only impact on profit and loss or equity when such instruments are measured at fair value. Primary financial instruments measured at amortized cost are therefore not subject to any interest rate risk as defined in IFRS 7. The same applies to financial liabilities which originally had floating interest rates, but which have been converted into fixed-interest financial liabilities by means of cash flow hedges.

Changes in the market interest rates of interest derivatives designated to hedge primary financial instruments with floating interest rates within the framework of a cash flow hedge impact on the hedging reserve within equity and have therefore been accounted for in the equity-related sensitivity analysis.

Changes in the market interest rates of primary financial instruments with floating interest rates impact on the income statement and have therefore been accounted for in the sensitivity analysis.

In the sensitivity analysis for interest rate risks, it has been assumed that the volumes as of the balance sheet date are representative of the financial year as a whole. A parallel shift in the interest rate curve has been assumed.

If the market interest rate had been **100 basis points higher** at the balance sheet date, and all other variables had remained unchanged, then consolidated earnings before taxes would have been € 2,830k higher (2022/23: € 3,107k) and equity before deferred taxes would have been € 0k higher (2022/23: € 0k).

Credit risk

Credit risk or default risk involves the risk that a contractual party is unable to comply in part or in full with the obligations entered into upon the conclusion of a financial instrument. The credit risk of the Group is strictly limited to the extent that financial assets and derivative financial instruments are as far as possible only concluded with contractual parties of good credit standing. Moreover, transactions with individual contractual partners are subject to a maximum limit. The risk of receivables default in the operating business is already considerably reduced on account of the retail format (cash & carry). The maximum credit risk is basically equivalent to the carrying amounts of the financial assets, which do not include any material risk clusters.

Impairment of financial assets

The Group has the following types of financial assets that are subject to the expected credit loss model:

- Trade receivables and contract assets
- Other financial assets measured at amortized cost.

Trade receivables and contract assets

For trade receivables and contract assets, HORNBACH has applied the simplified model based on a provision matrix. In this model, a risk allowance in the amount of the lifetime expected credit losses has to be recognized both upon initial recognition and at each subsequent balance sheet date. To measure the expected credit risk, trade receivables have been grouped on the basis of existing credit risks and their respective maturity structures. This grouping is based on their geographical location, as the customer segments have similar credit risk characteristics for each country.

The expected loss rates are derived on the basis of an average distribution of receivables over a 36-month period prior to February 28, 2023 and March 1, 2023 respectively and of historic default rates in this period. Gross receivables that are more than 360 days overdue are deemed to have defaulted. Due account is taken of current macroeconomic expectations by including country-specific ratings. Historic default rates basically provide the best approximation of the defaults expected in future, provided that the respective country rating has not changed. Changes in country ratings are accounted for by adjusting the historic default rates.

Contract assets relate to trade services not yet invoiced and basically have the same risk characteristics as trade receivables. The expected loss rates for trade receivables in the respective countries are therefore viewed as providing an appropriate approximation of the loss rates for contract assets and for determining expected credit losses.

Trade receivables and contract assets are derecognized when, based on appropriate assessment, there is no prospect of recoverability. Indicators that, based on appropriate assessment, there is no prospect of recoverability particularly include filing for or opening insolvency proceedings. Impairment losses on trade receivables and contract assets are recognized on a net basis as impairment losses within operating earnings. Amounts received in subsequent periods for items previously written down are recognized in the same line item.

The development in the allowances recognized for trade receivables and contract assets can be found in Note 18.

Other financial assets measured at amortized cost

The general allowance model is used to determine risk allowances. In determining the probability of default, reference is made to internal and external credit assessments that include both qualitative and quantitative information. An assessment is performed as of each balance sheet date to determine whether the credit risk has significantly increased. If the credit risk has not significantly increased since initial recognition, the probability of default is determined on the basis of a 12-month period. Reference is otherwise made to the entire remaining lifetime.

To assess whether the credit risk has significantly increased, the default risk for the financial assets as of the balance sheet date is compared with the default risk upon initial recognition. Alongside country-specific factors, the assessment also accounts in particular for the following indicators:

- Credit rating of the debtor based on internal assessments and, if applicable, external rating agencies
- Actual or expected material negative change in the business, financial, or economic position of the debtor that could materially affect its ability to settle its obligations.

Furthermore, unless refuted by information to the contrary, it is assumed that the credit risk has significantly increased if a debtor is more than 30 days overdue with a contractually agreed payment.

In determining a default event, a financial asset is classified as having defaulted if an objective event, such as one of the following, occurs:

- The contractually agreed payment is more than 90 days overdue and no information supporting an alternative default criterion is available
- Significant financial difficulties at the debtor
- Breach of contract
- The debtor is likely to enter insolvency or other restructuring proceedings.

All debt instruments measured at amortized cost are assessed as "involving low default risk" if an investment grade rating is available from at least one of the major rating agencies. The Group excludes these financial instruments from application of the three-level risk allowance model. Instead, these assets are always allocated to Level 1 of the risk allowance model and an allowance corresponding to the 12-month expected credit losses is recognized. Other instruments for which no external rating is available are assessed as "involving low default risk" when the risk of non-fulfillment is low and the issuer is at all times in a position to meet its contractual payment obligations at short notice.

The development in allowances recognized for other financial assets is presented in Note 18.

Liquidity risk

The following tables show the contractually agreed (undiscounted) outflows of cash for primary and derivative financial liabilities:

€ 000s	**Carrying amount 2.29.2024**	Cash outflows < 1 year	1 to 5 years	> 5 years
Primary financial liabilities				
Bonds	248,684	8,125	266,250	0
Liabilities to banks	436,655	95,338	259,722	123,657
Lease liabilities	887,159	133,192	492,741	447,853
Trade payables	399,607	399,607	0	0
Liabilities for the reverse factoring program	149,107	149,107	0	0
Other current and non-current liabilities	44,640	41,596	3,044	0
Accrued liabilities	31,319	31,319	0	0
	2,197,171	**858,283**	**1,021,757**	**571,509**
Derivative financial liabilities				
Foreign currency derivatives without hedge relationship	275	6,751	0	0
	275	**6,751**	**0**	**0**
Derivative financial assets				
Foreign currency derivatives without hedge relationship	455	28,267	0	0
	455	**28,267**	**0**	**0**
		893,302	**1,021,757**	**571,509**

€ 000s	Carrying amount 2.28.2023	Cash outflows < 1 year	1 to 5 years	> 5 years
Primary financial liabilities				
Bonds	248,173	8,125	274,375	0
Liabilities to banks	604,589	304,558	238,227	87,767
Lease liabilities	927,388	137,631	491,047	496,499
Trade payables	384,654	384,654	0	0
Liabilities for the reverse factoring program	250,016	250,016	0	0
Other current and non-current liabilities	56,033	54,017	2,016	0
Accrued liabilities	32,301	32,301	0	0
	2,503,155	**1,171,302**	**1,005,665**	**584,267**
Derivative financial liabilities				
Foreign currency derivatives without hedge relationship	107	4,447	0	0
	107	**4,447**	**0**	**0**
Derivative financial assets				
Foreign currency derivatives without hedge relationship	2,380	8,325	0	0
	2,380	**8,325**	**0**	**0**
		1,184,074	**1,005,665**	**584,267**

All financial liabilities held at the balance sheet date have been included. No account has been taken of budget figures for future new liabilities. Furthermore, the presentation includes financial assets that will lead to an outflow of cash. Floating-rate interest payments are calculated on the basis of interest rates valid at the balance sheet date. Liabilities denominated in foreign currencies are translated at the relevant reporting date rate.

The interest of € 2,827k accrued since the previous bond interest payment date has been recognized in the carrying amount of liabilities to banks (2022/23: € 2,827k). The corresponding outflows of cash have been recognized in the bond line item.

With regard to the management of liquidity risk, reference is made to Note 23 and to the disclosures on the financial situation in the management report.

Hedging measures

Hedging transactions serve to hedge the interest rate and foreign currency risks associated with an underlying transaction (hedged item).

Cash flow hedge – interest rate risk

Payer interest swaps are concluded to secure the interest rates on major long-term financial liabilities with floating interest rates. These enable the variable interest rates on the loans to be converted into fixed interest rates. In individual cases where long-term loans are concluded in currencies other than the functional currency of the respective Group company, the foreign currency risk is hedged with currency or interest-currency swaps. Creditworthiness risks are not hedged.

The HORNBACH Holding AG & Co. KGaA Group meets IAS 39 hedge accounting requirements in that it already documents the relationship between the derivative financial instrument used as a hedge and the underlying transaction, as well as the hedging objective and strategy, at the beginning of any hedging measure. This also involves assessing the effectiveness of the hedging instruments deployed. The effectiveness of the hedging relationship is assessed prospectively using the critical terms match method. Retrospective effectiveness is calculated at each balance sheet date using the dollar offset method. A hypothetical derivative is taken as the hedged item. A hedging relationship is termed effective when the changes in the value of the hedging instrument and the hypothetical derivative are compensated by between 80% and 125%. Hedging relationships are cancelled without delay upon becoming ineffective.

The interest-currency swap in place at the end of the 2021/22 financial year, which had a nominal value of € 11,000k, expired on scheduled on June 30, 2022. At the end of the 2021/22 financial year, the fair value of this interest-currency swap amounted to € 1,743k and was reported under other assets.

As of February 29, 2024, the Group had not designated any hedging instruments in hedging relationships.

€ 000s	**2.29.2024**	2.28.2023
Balance sheet item	Derivatives with hedge relationship	Derivatives with hedge relationship
Carrying amount of assets	0	0
Carrying amount of liabilities	0	0
Change in value of hedges held or expired as of the reporting date	0	(1,743)
Nominal amount	0	0

The aforementioned hedging relationship had the following implications for the income statement or other comprehensive income (OCI):

€ 000s	2023/24	2022/23
Change in fair value of the underlying transaction	0	(312)
Cash flow hedge reserve from existing hedges	0	0
Amount reclassified from OCI due to maturity of underlying transaction	0	92

Other hedging measures – foreign currency risk

The HORNBACH Holding AG & Co. KGaA Group also deploys hedging measures which do not meet IAS 39 hedge accounting requirements, but which nevertheless make an effective contribution towards hedging the Group's financial risks in line its risk management principles. For example, the HORNBACH Holding AG & Co. KGaA Group hedges the foreign currency risks involved in select (planned) transactions, including the embedded foreign currency derivatives potentially resulting from the transactions, such as those involved in the purchase of merchandise in the Far East using US dollars, by concluding forward exchange transactions, or making fixed deposit investments denominated in foreign currencies in the form of macro hedges.

The fair value of forward exchange transactions, including embedded forward exchange transactions, amounts to € 181k (2022/23: € 2,273k). Of this total, € 455k has been recognized under other assets (2022/23: € 2,380k) and € -275k under financial debt (2022/23: € -107k).

No fair value hedges or net investment in a foreign operation hedges have been undertaken to date.

Derivatives

The following table provides an overview of the nominal and fair values of derivative financial instruments as of the balance sheet date. The values of opposing transactions, such as foreign exchange purchases or sales, have been shown on a net basis. Nominal value totals are shown in the nominal value line without offsetting any opposing transactions.

2.29.2024	Forward exchange transactions	Embedded forward exchange transactions	Total
Nominal value in € 000s	38,000	37,009	75,009
Fair value in € 000s (before deferred taxes)	321	(140)	181

2.28.2023	Forward exchange transactions	Embedded forward exchange transactions	Total
Nominal value in € 000s	17,000	26,435	43,435
Fair value in € 000s (before deferred taxes)	111	2,162	2,273

(34) Other disclosures

Employees

The average number of employees was as follows:

	2023/24	2022/23
Salaried employees	22,697	22,589
Trainees	1,081	1,093
	23,778	**23,681**
of which: part-time employees	7,674	7,348

In terms of geographical regions, 12,715 of the average workforce were employed in Germany during the 2023/24 financial year (2022/23: 12,814) and 11,063 abroad (2022/23: 10,867).

Auditor's fee

The fees charged by the auditor of the annual and consolidated financial statements of HORNBACH Holding AG & Co. KGaA, Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Mannheim, for the year under report were as follows:

	2023/24 € 000s	2022/23 T€
Audit services [1]	1,336	1,178
Other confirmation services [2]	240	212
Other services [3]	98	0
	1,674	**1,390**

The fees comprise the following elements:

[1] Half-year, annual, and consolidated financial statements, dependent company report, remuneration report, annual financial statements of subsidiaries, audit of conversion in ERP system to SAP S/4 HANA

[2] Agreed investigation activities in respect of sales, Management AG settlements, Board of Management bonuses, and limited assurance audit for non-financial Group reporting

[3] Cybersecurity maturity assessment

The annual and consolidated financial statements of HORNBACH Holding AG & Co. KGaA have been audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Mannheim, since the 2019/20 financial year, with Steffen Schmidt (Partner) as the auditor responsible for the audit.

Information on the German Corporate Governance Code

The annual Declaration of Compliance with the German Corporate Governance Code required by § 161 of the German Stock Corporation Act (AktG) was submitted by the Board of Management of HORNBACH Management AG and the Supervisory Board of HORNBACH Holding AG & Co. KGaA in December 2023 and made available to shareholders on the company's homepage.

(35) Related party disclosures

The business transactions and net balances outstanding between HORNBACH Holding AG & Co. KGaA and its subsidiaries included in the consolidated financial statements have been eliminated in full. In addition, HORNBACH Holding AG & Co. KGaA has indirect or indirect relationships with further related parties (companies and persons) in the course of its customary business activities.

Transactions with related companies

The following main transactions were conducted with related companies:

€ 000s	Sales of goods and services and other income		Purchase of goods and services and other expense	
	2023/24	2022/23	2023/24	2022/23
Parent company				
HORNBACH Familien-Treuhandgesellschaft mbH (ultimate controlling party)	3	3	0	0
HORNBACH Management AG (General Partner)	3	0	2,179	2,028
	6	**3**	**2,179**	**2,028**
Other related companies	**0**	**0**	**0**	**24**
	6	**3**	**2,179**	**2,052**

€ 000s	Receivables		Liabilities	
	2.29.2024	2.28.2023	2.29.2024	2.28.2023
Parent company				
HORNBACH Management AG (General Partner)	0	0	3,424	2,820
	0	**0**	**3,424**	**2,820**
Other related companies	**0**	**0**	**0**	**16**
	0	**0**	**3,424**	**2,836**

HORNBACH Familien-Treuhandgesellschaft mbH (ultimate controlling party) holds all shares in the General Partner of HORNBACH Holding AG & Co. KGaA (HORNBACH Management AG). Administrative support was provided to HORNBACH Familien-Treuhandgesellschaft mbH in the past financial year. The services thereby performed in the 2023/24 financial year were valued at customary market prices.

Pursuant to the Articles of Association of HORNBACH Holding AG & Co. KGaA, the General partner HORNBACH Management AG is reimbursed for all expenses directly attributable to its management activities. Expenses of € 2,166k were incurred in the past financial year for these services relating to management in key positions (2022/23: € 2,016k). Furthermore, the company receives a return amounting to 5% of the share capital (General Partner compensation).

The other related companies involve companies controlled by related persons of HORNBACH Holding AG & Co. KGaA. In the previous year, the company received other services in the course of its customary business activities. These services were performed at customary market prices.

The receivables and liabilities outstanding as of February 29, 2024 (February 28, 2023) have remaining terms of up to one year, are unsecured, and are settled in cash. As in the previous year, no impairment losses were recognized for uncollectible or doubtful receivables due from related companies in the year under report.

Transactions with related persons

Related persons comprise members of the management in key positions at HORNBACH Holding AG & Co. KGaA and its parent companies and their close family relations.

HORNBACH Holding AG & Co. KGaA is managed by the General Partner HORNBACH Management AG, which is represented by its Board of Management. Disclosures on the remuneration of members of the Board of Management of HORNBACH Management AG and of members of the Supervisory Board of HORNBACH Holding AG & Co. KGaA are presented in Note 37.

Other transactions with related persons include the sale of goods and services at the stores and web shops of the HORNBAC Group for private purposes. These transactions are performed on regular sales terms.

(36) Events after the balance sheet date

No events of material significance for assessing the earnings, financial, and asset position of the HORNBACH Holding AG & Co. KGaA Group occurred between the balance sheet date on February 29, 2024 and the date on which these financial statements were prepared.

The consolidated financial statements of HORNBACH Holding AG & Co. KGaA for the 2023/24 financial year were approved for publication by the Board of Management of the General Partner HORNBACH Management AG on May 15, 2024.

(37) Supervisory Board and Board of Management

The management of HORNBACH Holding AG & Co. KGaA is performed by the General Partner HORNBACH Management AG, represented by its Board of Management. The remuneration paid to the board members is borne by HORNBACH Management AG and is reported as expenses in that company's income statement. Pursuant to § 8 (3) of its Articles of Association, HORNBACH Holding AG & Co. KGaA reimburses all expenses incurred in connection with the remuneration of board members at the General Partner.

The total remuneration of the Board of Management of HORNBACH Management AG for performing its duties for the Group in the 2023/24 financial year amounts to € 1,343k (2022/23: € 2,440k). Of short-term benefits, € 1,827k (2022/23: € 1,159k) relates to fixed remuneration and € 4k (2022/23: € 633k) to performance-related components. Payments of € -488k (2022/23: € 648k) relate to remuneration of a long-term incentive nature. The members of the Board of Management are entitled to multiyear variable remuneration that is granted in annual tranches with a four-year term in each case. The amount of remuneration is linked to defined performance key figures.

Post-employment benefits of € 408k were incurred for active members of the Board of Management in the 2023/24 financial year (2022/23: € 260k). These involve expenses incurred to endow pension provisions (Note 24).

Remuneration of former members of the Board of Management for performing their duties for the Group in the 2023/24 financial year totaled € 109k (2022/23: € -9k). Pension provisions for former members of the Board of Management totaled € 6,189k at the Group in the 2023/24 financial year (2022/23: € 6,003k).

The total remuneration of the Supervisory Board (pursuant to § 314 (1) No. 6a HGB) for the 2023/24 financial year amounted to € 734k (2022/23: € 347k). Of short-term benefits, € 480k (2022/23: € 235k) related to basic remuneration and € 254k (2022/23: € 112k) to committee activities.

The total remuneration of the Board of Management (including former members) and Supervisory Board amounted to € 2,186k (2022/23: € 2,778k).

Neustadt an der Weinstrasse, May 15, 2024

HORNBACH Holding AG & Co. KGaA
represented by the General Partner HORNBACH Management AG,
represented by its Board of Management

Albrecht Hornbach Karin Dohm Erich Harsch

RESPONSIBILITY STATEMENT (BALANCE SHEET OATH)

We hereby affirm that, to the best of our knowledge, the consolidated financial statements give a true and fair picture of the assets, liabilities, financial position and results of operations of the Group in accordance with the applicable reporting principles, and the Group management report includes a fair view 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.

Neustadt an der Weinstrasse, May 15, 2024

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

Albrecht Hornbach Karin Dohm Erich Harsch

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of HORNBACH Holding AG & Co. KGaA, Neustadt an der Weinstraße/Germany, and its subsidiaries (the Group) which comprise the consolidated balance sheet as at 29 February 2024, the consolidated statement of profit and loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows and the group segment information for the financial year from 1 March 2023 to 29 February 2024, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report for the parent and the group of HORNBACH Holding AG & Co. KGaA, Neustadt an der Weinstraße/Germany, for the financial year from 1 March 2023 to 29 February 2024. In accordance with the German legal requirements, we have not audited the content of the consolidated corporate governance statement pursuant to Section 315d German Commercial Code (HGB) combined with the corporate governance statement pursuant to Section 289f HGB nor the content of the consolidated non-financial report pursuant to Sections 315b and 315c HGB, each referred to in the combined management report. In addition, we have not audited the content of the disclosures in section "1.4 Overall assertion on the effectiveness of the internal control and risk management system" of the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 29 February 2024 and of its financial performance for the financial year from 1 March 2023 to 29 February 2024, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of the consolidated corporate governance statement pursuant to Section 315d HGB combined with the corporate governance statement pursuant to Section 289f HGB referred to above nor the content of the consolidated non-financial report pursuant to Sections 315b and 315c HGB referred to above nor the content of the disclosures in section "1.4 Overall assertion on the effectiveness of the internal control and risk management system" of the combined management report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 March 2023 to 29 February 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following we present the key audit matters we have determined in the course of our audit:
1. Recoverability of real estate at individual locations and rights of use of real estate at individual locations
2. Measurement of inventories

Our presentation of these key audit matters has been structured as follows:
a) description (including reference to corresponding information in the consolidated financial statements)
b) auditor's response

1. Recoverability of real estate at individual locations and rights of use of real estate at individual locations

a) The consolidated financial statements of HORNBACH Holding AG & Co. KGaA as at 29 February 2024 state "land, land rights and buildings including buildings on third-party land" (also called real estate at individual locations) of mEUR 1,533.7 and rights of use of "land, land rights and buildings including buildings on third-party land" (so-called "rights of use of real estate at individual locations") of mEUR 752.1. This makes up 51.1% of the total assets. In the financial year 2023/2024, total impairments of mEUR 51.6 on these assets and total write-ups of mEUR 24.6 were recognised through profit and loss.

The recoverability of the real estate at individual locations and of the rights of use of real estate at individual locations is determined at the level of the individual DIY stores, each of which constitutes a cash-generating unit. If there are events that indicate an impairment and any related requirement for a write-down of the real estate at individual locations and/or the rights of use of these assets, the Group determines the value in use of the individual cash-generating unit as part of an impairment test in accordance with IAS 36. If the value in use is below the carrying value of the cash-generating unit, the fair value less costs to sell (net realisable value) is determined for the real estate attributable to this cash-generating unit. The higher of both values is used to determine the impairment.

The outcome of the measurement is largely dependent on the executive directors' judgement and estimate of the future cash inflows and on the discount rate used. In addition, the recoverability of the real estate at individual locations and of the rights of use of the real estate at individual locations depends on the individual location and the related alternative utilisabilities. Therefore, the measurement involves a high degree of uncertainty. In order to determine the net realisable value of real estate at individual locations, the Group consulted external experts. Therefore, this matter was of particular significance in the scope of our audit.

The information provided by the executive directors on the real estate at individual locations, rights of use of individual locations and impairments made is stated in the sections "Accounting and measurement", "(10) Other notes to the statement of profit or loss", "(12) Property, plant and equipment, rights of use and investment property" and "(13) Leases" in the notes to the consolidated financial statements.

b) During our audit, we obtained an understanding of the corporate planning process and the process applied to design the impairment tests. In addition, we assessed and obtained an understanding of the method applied in the impairment test in particular. For the purpose of our risk assessment, we gathered information on the adherence to the budget process over the past years and considered this during our risk assessment.

We compared the expected future cash flows to be considered in the measurement with the corresponding detailed planning and corporate planning adopted by the supervisory board. In view of the assessment of the appropriateness of the assumptions and propositions, processes and measurement methods, we consulted internal experts of our Valuation Services function, who also helped us to assess the method applied in the impairment tests and the parameters used to determine the discount factors, including the weighted average cost of capital and calculation schemes. For evaluating the appropriateness of the budgeting, we compared general and industry-specific market expectations and considered comprehensive explanations of the executive directors regarding the impairment tests. As even slight changes in the discount rate may have significant effects on the value in use, we evaluated the underlying parameters for plausibility based on information provided by the executive directors and own market research and checked the calculation of the value in use for accuracy.

In addition, we evaluated the competence, capabilities and objectivity of the independent experts consulted by the Group to determine the net realisable values of the real estate at individual locations and assessed their results with the help of our own real estate valuation experts.

2. Measurement of inventories

a) The inventories recognised in the consolidated financial statements of HORNBACH Holding AG & Co. KGaA as at 29 February 2024 amount to mEUR 1,195.7, which makes up 26.7% of the balance sheet total. As at 29 February 2024, write-downs of the inventories amounted to mEUR 25.7.

The inventories are measured at the lower of cost, including ancillary costs and cost deductions, or the net realisable value. Inventories are written down based on estimates made by the executive directors of the efficiency and usability of the inventories.

Any required write-downs are determined on the basis of an approach that considers the various risks of usability.

As the measurement of the inventories is based on judgement due to the defined approach including its underlying estimates and as the inventories are of major significance for the Group's assets, liabilities, financial position and financial performance, we identified the measurement of inventories as a key audit matter.

The information on the inventories provided by the executive directors is included in the sections "Accounting policies" and "(17) Inventories" in the notes to the consolidated financial statements.

b) During our audit, we assessed internal controls designed to measure inventories and tested the implemented controls relevant to the audit concerning initial and subsequent measurement for their operating effectiveness.

In this context, we evaluated and assessed, in particular, the Group's applied approach to determine write-downs of inventories. Based on a sample we took, we verified the appropriateness of the estimates by the executive directors on the usability of the inventories made on the basis of historic information and the current costs to sell and examined the estimates based on evidence. In this context, we also checked the corresponding calculations for accuracy. Moreover, we ascertained the exact accounting of the determined write-downs.

Other Information

The executive directors and/or the supervisory board are responsible for the other information. The other information comprises the following documents obtained up to the date of this auditor's report:

- the report of the supervisory board,
- the remuneration report pursuant to Section 162 German Stock Corporation Act (AktG),
- the consolidated non-financial report pursuant to Sections 315b and 315c HGB referred to in the combined management report,
- the consolidated corporate governance statement pursuant to Section 315d HGB combined with the corporate governance statement pursuant to Section 289f referred to in the combined management report,
- the disclosures in the section "1.4 Overall assertion on the effectiveness of the internal control and risk management system" of the combined management report,
- the executive directors' confirmation regarding the consolidated financial statements and the combined management report pursuant to Section 297 (2) sentence 4 and Section 315 (1) sentence 5 HGB, and
- all other parts of the annual report,
- but not the consolidated financial statements, not the audited content of the combined management report and not our auditor's report thereon.

The supervisory board is responsible for the report of the supervisory board. The executive directors and the supervisory board are responsible for the statement in accordance with Section 161 AktG concerning the German Corporate Governance Code, which is part of the corporate governance statement referred to in the combined management report, and for the remuneration report. Otherwise, the executive directors are responsible for the other information.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the audited content of the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the

related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Audit of the Electronic Reproductions of the Consolidated Financial Statements and of the Combined Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB

Audit Opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the consolidated financial statements and of the combined management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the file, which has the SHA 256 value 9bd80befa709b57e39e142db6aa63bbc6888f4dd7a0c3170b58afd5533f601d3, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the consolidated financial statements and of the combined management report prepared for publication contained in the file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the financial year from 1 March 2023 to 29 February 2024 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

Basis for the Audit Opinion

We conducted our audit of the electronic reproductions of the consolidated financial statements and of the combined management report contained in the file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (06.2022)). Our responsibilities in this context are further described in the "Group Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our audit firm has applied the requirements of the IDW Quality Management Standards.

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the parent are responsible for the preparation of the ESEF documents based on the electronic files of the consolidated financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to Section 328 (1) sentence 4 no. 2 HGB.

In addition, the executive directors of the parent are responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- evaluate the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited combined management report.
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation
We were elected as group auditor by the general meeting on 7 July 2023. We were engaged by the supervisory board on 7 July 2023. We have been the group auditor of HORNBACH Holding AG & Co. KGaA, Neustadt an der Weinstraße/Germany, without interruption since the financial year 2019/2020.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as with the audited ESEF documents. The consolidated financial statements and the combined management report converted into the ESEF format – including the versions to be submitted for inclusion in the Company Register – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Steffen Schmidt.

Mannheim/Germany, 16 May 2024

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed: Steffen Schmidt Wirtschaftsprüfer	Signed: Patrick Wendlandt Wirtschaftsprüfer

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Published by

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HORNBACH would like to thank Tim Linnebach for the creative concept and its realization.

As a contribution towards protecting the environment, HORNBACH has dispensed with printing and mailing annual reports. This annual report is available at any time on the HORNBACH website at www.hornbach-holding.de/en/investor-relations/reports-presentations/

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