Annual Report **2024/2025**

HORNBACH HOLDING

AG & Co. KGaA Group

Key Group, Financial and Operating Data

Amounts shown in € million unless otherwise stated	Change financial year 2024/25 on previous year	IFRS									
		2024/25	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16
Sales and earnings figures											
Net sales	0.6 %	6,200	6,161	6,263	5,875	5,456	4,729	4,362	4,141	3,941	3,755
of which: Other European Countries	2.3 %	3,071	3,003	2,994	2,726	2,471	2,193	1,986	1,829	1,679	1,533
Sales growth as % of net sales		0.6	(1.6)	6.6	7.7	15.4	8.4	5.3	5.1	4.9	5.1
EBITDA	3.4 %	490	474	505	565	516	420	235	263	254	231
as % of net sales		7.9	7.7	8.1	9.6	9.5	8.9	5.4	6.3	6.5	6.2
EBIT	11.9 %	253	226	259	355	312	214	121	161	157	138
as % of net sales		4.1	3.7	4.1	6.0	5.7	4.5	2.8	3.9	4.0	3.7
Adjusted EBIT [1]	6.0 %	270	254	290	363	326	227	135	166	160	151
as % of net sales		4.3	4.1	4.6	6.2	6.0	4.8	3.1	4.0	4.1	4.0
Earnings before taxes and non-controlling interest	16.0 %	208	179	218	314	266	166	99	132	130	113
as % of net sales		3.4	2.9	3.5	5.3	4.9	3.5	2.3	3.2	3.3	3.0
Net income for the year before non-controlling interest	11.8 %	147	132	168	245	201	123	75	96	90	98
as % of net sales		2.4	2.1	2.7	4.2	3.7	2.6	1.7	2.3	2.3	2.6
Gross margin as % of net sales		34.8	33.8	33.4	35.0	35.2	35.8	36.0	36.6	36.6	37.0
Store expenses as % of net sales		26.0	25.6	24.9	24.7	26.0	26.7	28.2	27.8	27.9	28.5
Costs of central administration as % of net sales		5.1	4.8	4.5	4.4	5.1	4.9	5.2	5.2	4.9	4.9
Pre-opening expenses as % of net sales		0.1	0.1	0.1	0.3	0.1	0.2	0.2	0.1	0.2	0.3
Cash flow figures											
Cash flow from operating activities	(30.0) %	318	455	425	345	347	324	54	182	179	152
Investments [2]	(8.0) %	177	193	203	179	154	131	196	148	179	156
Proceeds from divestments		7	10	5	7	5	10	5	9	11	3
Earnings potential [3]	(29.1) %	327	461	432	362	354	332	61	187	185	162
as % of net sales		5.3	7.5	6.9	6.2	6.5	7.0	1.4	4.5	4.7	4.3
Dividend distribution		38.4	38.4	38.4	38.4	38.4	24.0	24.0	24.0	24.0	12.6
Balance sheet and financial figures											
Total assets	3.1 %	4,614	4,477	4,726	4,306	4,008	3,760	3,011	2,668	2,648	2,680
Non-current assets [4]	3.8 %	2,772	2,670	2,676	2,551	2,397	2,379	1,757	1,686	1,651	1,561
Inventories	5.9 %	1,266	1,196	1,382	1,230	993	861	799	699	662	623
Cash and cash equivalents	(14.3) %	317	370	437	332	435	368	316	164	190	350
Shareholders' equity	4.4 %	2,033	1,948	1,897	1,761	1,772	1,604	1,507	1,463	1,398	1,334
as % of total assets		44.1	43.5	40.1	40.9	44.2	42.7	50.0	54.8	52.8	49.8
Return on shareholders' equity based on net income in %		7.4	6.8	9.2	13.8	11.9	7.9	5.1	6.7	6.6	7.5
Net working capital	9.1 %	867	794	884	928	846	727	678	532	531	464
Additions to non-current assets	51.1 %	340	225	357	357	241	837	196	148	198	325
Inventory turnover rate per year		3.5	3.3	3.2	3.7	4.2	3.8	3.9	3.9	3.9	4.1
Other information											
Employees, annual average, converted into full-time equivalents	0.0 %	20,750	20,750	20,582	19,961	18,720	17,935	17,053	16,223	15,751	15,283
Number of shares [5]		15,996,751	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
Earnings per share		8.80	7.83	9.83	12.48	10.33	6.56	4.08	5.11	4.84	5.04

[1] Adjusted to exclude non-operating earnings items, e.g. impairment losses on assets, income from disposals of properties, income from write-ups of assets impaired in previous years

[2] Excluding investment in short-term financial deposits

[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

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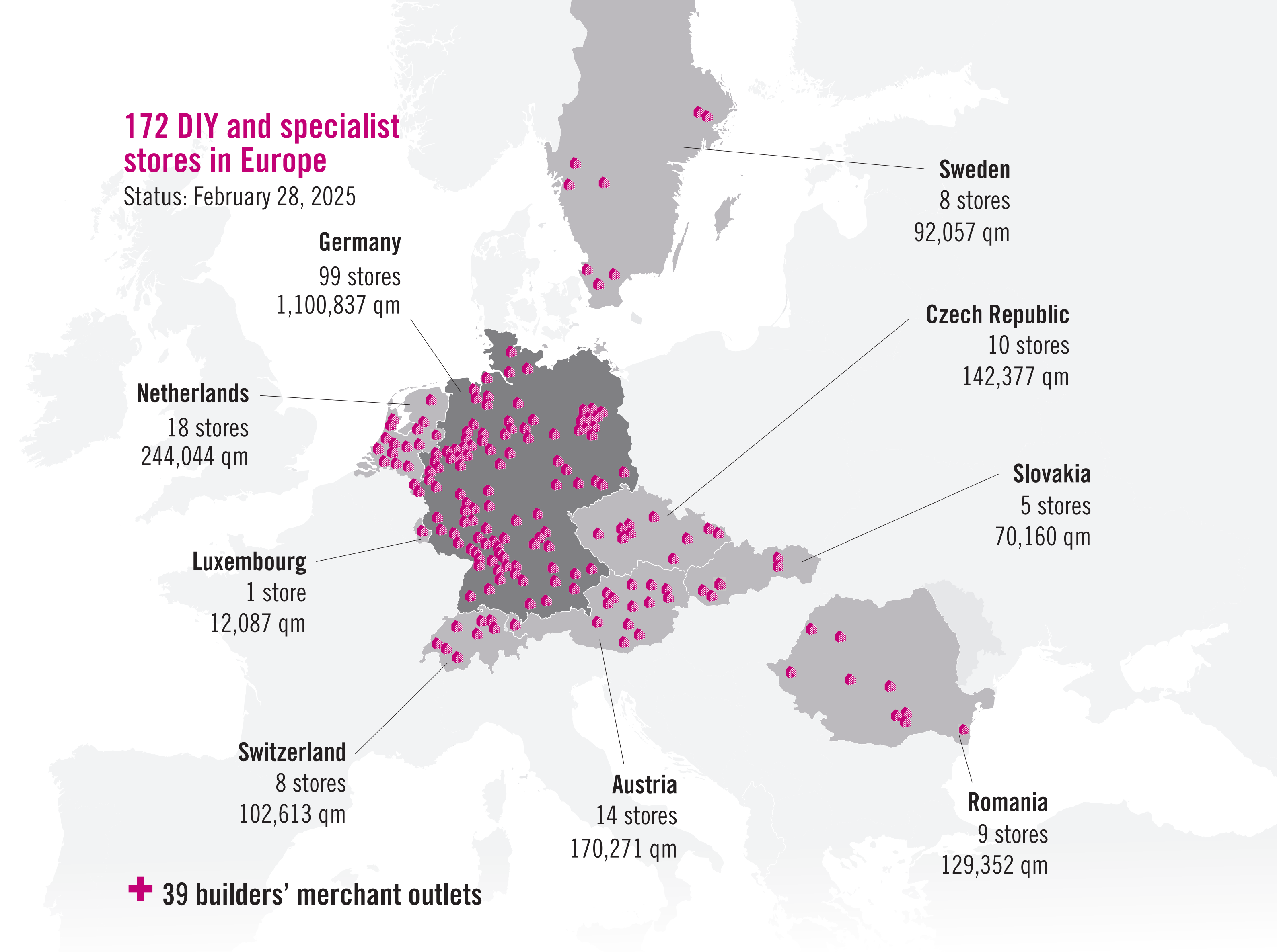

Company Profile

HORNBACH is one of the leading DIY retail groups in Germany and Europe, with 170 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 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 fi fth generation.

€ 6.2 billion

Consolidated sales were at € 6.2 bn in the 2024/25 financial year.

€ 2,849

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.

61%

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

TO OUR SHAREHOLDERS

Letter from the CEO

Albrecht Hornbach, Chief Executive Officer of HORNBACH Management AG

Dear Ladies and Gentlemen,

2024 was a year of difficult macroeconomic conditions. Domestic demand in the EU was weak. In Germany, gross domestic product declined by 0.2%. Many areas of the economy have been and continue to be adversely affected by the consequences of the war in Ukraine and high energy costs. Despite these challenges, we at HORNBACH managed to perform very well.

The HORNBACH Group generated net sales of € 6.2 billion in the 2024/25 financial year. This marks an increase of 0.6% compared with the previous year. HORNBACH Baumarkt AG, the largest Subgroup accounting for 94% of consolidated sales, achieved sales growth of 1.2%.

Thanks to higher gross profit due to changes in the product range and the normalization of commodity prices, we were able to increase adjusted EBIT to € 270 million, 6% up on the previous year. Given increased expenses, including investments in higher staff remuneration, that is a very pleasing result and is consistent with our forecast.

If you recall that the coronavirus pandemic led to significant sales growth across the whole of the DIY sector, with HORNBACH also witnessing above-average sales and EBIT growth in this period, then the slight upward trend in the year under report – over and above the high level already achieved – is all the more remarkable. It is important to note that HORNBACH Baumarkt AG continues to outperform its sector, gaining market share in Germany and other European countries. And it still leads the sector when it comes to sales per square meter, which reached € 2,849 in the past financial year.

Online retail is also a key pillar of our DIY business. Although online sales showed a slight year-on-year decline of 1.7% to € 720 million, we know that customers make extensive use of the online shop and app as sources of information and advice. That means the contribution actually made by online retail to our overall value creation cannot be measured solely in terms of sales.

HORNBACH Baustoff Union, which contributes 6% to consolidated sales and mainly serves commercial customers, posted a 6.2% reduction in sales in the 2024/25 financial year. This reflects the ongoing weakness of the German construction sector and the impact of inflation and high interest rates in recent years. Financing major renovation projects or new construction has become a very expensive undertaking for commercial project developers and private households alike.

Given the volatile current backdrop, we expect net sales for the current 2025/26 financial year to match or slightly exceed the level reported for the past financial year. Due to higher personnel expenses, which will be fully reflected for the first time in the current year, we expect adjusted EBIT to be at the level reported for the past financial year. Although the spring season has begun on a successful note, we are nevertheless cautious in our forecast. It is not yet possible to foresee what specific impact the political and economic developments in Europe and around the world will have on us, our supply chains, and our customers' willingness to spend and invest.

Having said that, we see positive signals for the medium to long term. Real wages have risen, interest rates are falling and inflation is declining. The infrastructure package announced by the German government is also to be welcomed.

The unwavering commitment shown by our colleagues at HORNBACH is the key to our success. I would like to voice my appreciation and my sincere gratitude for this. At the reporting date on February 28, 2025, the HORNBACH Group employed a total of 25,329 people.

We cannot afford to sit on our laurels. That much is clear. We need to and will remain fully focused and energized going forward. That is because people rely on us.

A change arose in the HORNBACH Group's Board of Management at the beginning of the 2025/26 financial year. As a result, Erich Harsch and I have been additionally responsible for the Finance departments at HORNBACH Baumarkt AG and HORNBACH Management AG respectively since April 1, 2025. Following a detailed selection process, Dr. Joanna Kowalska will become the new Chief Financial Officer for HORNBACH Management AG and HORNBACH Baumarkt AG as of August 15, 2025. Given her professional track record to date, not least in the DIY retail sector, she will be an asset for our Group.

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,

The 2024/25 financial year witnessed far-reaching changes and was shaped by a major shift in political, economic, and social coordinates. These developments have changed the principles and previously accepted rules of global cooperation and economic activity and thus also affect our daily lives.

The re-elected President of the United States presents Europe with significant challenges not only in the political arena, but also on the economic and technological fronts. The uncertainties surrounding transatlantic relationships, the disruption of global supply chains and markets, the inadequacies of technological infrastructure, and the potential economic implications require us to make greater efforts, to step up our cooperation, and to accelerate our adaptability. At the same time, the continuing conflicts in Ukraine, the Middle East, and the Horn of Africa have further destabilized the geopolitical situation and caused humanitarian catastrophes.

Major political changes also arose on national level. The early elections in February 2025 and the decisions subsequently taken to increase Germany's debt with the aim of significantly boosting investments in infrastructure and defense will substantially change the country's financial policy.

At the same time, the advancing impact of climate change confronts us with great challenges. It is indisputably necessary to work on the basis of scientific insights to build a global consensus concerning measures to promote effective use of our resources, reduce emissions, and limit our ecological footprint.

In the DIY retail business, HORNBACH had to contend in the past financial year with persistently subdued levels of consumer confidence and a rising savings rate in nearly all of the countries in which it operates. Larger-scale DIY projects in particular were postponed to the benefit of smaller renovation and decoration work. The teams at HORNBACH Baumarkt AG succeeded in stabilizing the company's market position in Europe and even in expanding this further in most countries.

To thrive in this difficult set of circumstances, it is crucial that HORNBACH should continue without amendment to boost its resilience and adaptability – both with regard to changing customer needs and to geopolitical developments and continually growing regulatory requirements. As the Supervisory Board, we discussed these topics in detail with the Board of Management of the General Partner and contributed our expertise to assist HORNBACH in reacting appropriately to existing challenges.

One topic which we addressed in great depth in the past financial year was the implementation of the Corporate Sustainability Reporting Directive (CSRD). Although adoption of this European Directive in German national law is still outstanding, meaning that HORNBACH was not yet subject to any obligation to implement its requirements as of February 28, 2025, we decided to prepare a sustainability report conforming to the CSRD. That meant a great deal of work which everyone involved at HORNBACH mastered superbly. As the Supervisory Board, we closely accompanied this process and will promote sustainability-related topics in cooperation with the Board of Management of the General Partner in future as well.

Despite the many changes and challenges, and in some cases because of these, the home improvement sector still faces great opportunities, provided that we ensure both stability and the flexibility required to facilitate innovative solutions. It is no coincidence that our sector is called "home" improvement and not "house" improvement. In difficult times, people focus on those things that they themselves can influence positively. Their own homes and their own four walls remain paramount. DIY retail, which means accompanying and supporting people by offering products and advice, and by organizing trade firms, can make an important difference here and provide orientation in challenging times.

The challenges presented by ecological efficiency also harbor new opportunities. That is because sustainability is a key lever for customers, and thus also for HORNBACH. With the EDRA "Make It Zero" initiative, which alongside HORNBACH also includes the world's largest DIY retailers, we are strengthening cooperation within the sector on this important topic and working together to reduce product range-related Scope 3 emissions.

Respect, trust, and security: These values form the foundation on which we build our customer relationships. The Supervisory Board has the task of advising and supporting the Board of Management of the General Partner in implementing initiatives that are relevant and important to our customers and which are aimed at sustainable value creation. In this, we adhere to an old HORNBACH adage: Change things by remaining constant. After all, only in a stable environment is it possible to achieve innovations that lead to real change.

The Supervisory Board dealt closely with the development of management staff and succession planning at the company. A change of generation will take place in the years ahead and the HORNBACH Group is preparing to structure this as well as possible. The respective bodies regularly discuss succession planning with all relevant stakeholders. The objective here is to solve succession issues on a sustainable basis and with a long-term horizon and to ensure that the resultant solutions take due account of the idea of a publicly listed family company and safeguard the long-term success of the company in all its aspects.

The appointments of all current members of the Supervisory Board expire in the 2028 calendar year. To secure long-term succession, in July 2024 the Annual General Meeting voted with a large majority for a "staggered board" concept, in which the appointments of individual Supervisory Board members are planned on a staggered basis over different timescales. This concept safeguards the successful transfer of expertise within the Supervisory Board and its committees and ensures sustainable and efficient supervision and advice to the benefit of the company. The specific implementation of this concept is currently being compiled and discussed with the relevant stakeholders.

We acknowledged with great regret that Karin Dohm, Chief Financial Officer of HORNBACH Management AG and HORNBACH Baumarkt AG, had decided to tackle new professional challenges. The Supervisory Board would like to thank her for the exceptionally competent, constructive, and pleasant working relationship. We wish her great success and satisfaction in her future course. Karin Dohm built up a highly qualified and motivated team that is sure to work together successfully with her successor.

At the same time, we are pleased to have gained Dr. Joanna Kowalska as her successor. She will assume her position as Chief Financial Officer of HORNBACH Management AG and HORNBACH Baumarkt AG from August 15, 2025. We wish her great success in her new role.

The Supervisory Board of HORNBACH Holding AG & Co. KGaA advised and supervised the General Partner in great detail at several meetings. The following section provides detailed chronological disclosures on these activities.

Furthermore, 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
A total of five regular Supervisory Board meetings was held for the first time in the 2024/25 financial year. In addition to the existing meeting dates, a further regular meeting in September has been provided for since the 2024/25 financial year. This is intended to do justice to the growing diversity and complexity of topics requiring attention. Attendance stood at 93.3% for the meetings of the Supervisory Board and at 100% for those of 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	5/5	May, Jul, Sep, Dec, Feb		100.0
Martin Hornbach, Deputy Chair	5/5	May, Jul, Sep, Feb	Dec	100.0
Simone Krah	5/5	May, Jul, Dec, Feb	Sep	100.00
Simona Scarpaleggia	3/5	May, Sep,	Jul	60.0
Vanessa Stützle	5/5	Jul, Dec	May, Sep, Feb	100.0
Melanie Thomann-Bopp	5/5	May, Jul, Sep, Dec	Feb	100.0
Total				**93.3**

All meetings of the Supervisory Board in the 2024/25 financial year were held by video conference within the meaning of the Articles of Association, with all meetings being attended by several Supervisory Board members on location. A clear majority of members physically attended 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 in detail 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 meetings held in May 2024 and May 2025 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 2024, the Supervisory Board also dealt with the audit of the separate non-financial Group report with participation by the auditor. Furthermore, in view of the growing shortage of specialist staff the Supervisory Board requested and received reports on personnel and organizational developments at the Group, particularly with regard to the SAP S4/HANA transformation program and the increasing importance of artificial intelligence. It will continue to monitor this topic in future.

At the meeting held directly before the Annual General Meeting in July 2024, the Board of Management of the General Partner reported on the current situation of the Group. Furthermore, the dates of scheduled meetings up to and including the 2026/27 financial year, including an additional Supervisory Board meeting in September in each case, were agreed in principle.

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Declarations of Compliance

An additional Supervisory Board meeting was held in September for the first time in the 2024/25 financial year. This mainly focused on specialist presentations from Board of Management divisions at HORNBACH Baumarkt AG on the topics of operations in Germany, operations in the international business, e-business, and the Sweden region.

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Supervisory Board

In December 2024, the Board of Management and Supervisory Board discussed the Group's current business situation. Furthermore, the Supervisory Board performed an efficiency review/self-assessment of its activities. In addition, the Supervisory Board had the existing remuneration system reviewed in the 2024/25 financial year. The basic principles of the remuneration system are presented in the separate remuneration report. Moreover, the Supervisory Board received extensive report on the topics of the capital market, logistics, the Group's expansion, and HORNBACH Baustoff Union. Like every year, a further topic addressed at this meeting was the resolution on the Declaration of Compliance with the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (AktG). This declaration is 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), as well as with those Code suggestions that are relevant to a KGaA. Further information about corporate governance at HORNBACH Holding AG & Co. KGaA can be found in the "Corporate Governance Statement".

At its final meeting in the past 2024/25 financial year, held in February 2025, the Supervisory Board addressed the Group's current business situation, as well as the budget for the financial years 2025/26 to 2029/30, which was discussed in detail. In addition, the Supervisory Board received follow-up reporting on the topic of logistics and also updated and held in-depth discussions on the skills and expertise profile and diversity concept for the Supervisory Board.

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	May, Sep, Dec	Jun, Feb	100.0
Dr. John Feldmann	5/5	May, Jun, Sep, Dec, Feb		100.0
Martin Hornbach	5/5	May, Jun, Sep, Feb	Dec	100.0
Simone Krah	5/5	May, Jun, Dec, Feb	Sep	100.0
Total				**100.0**

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

The Audit Committee met five times in the year under report. Of these five meetings, one was held in person and four as video conferences in accordance with the Articles of Association. The meetings took place in May, June, September, December 2024, and February 2025.

In May 2024, 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 separate non-financial Group report, with the participation of the auditor as well as of 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, the compliance report, the report from the Board of Management of the General Partner on the company's financial situation, and the report on the non-audit services performed. 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 reporting on the 1st quarter of 2024/25 and corresponding quarterly statement were discussed in the presence of the auditor.

At its meeting also held in the presence of the auditor in September 2024, the Audit Committee examined the Half-Year Financial Report and the 2024/25 half-year financial statements as of August 31, 2024 in great detail and discussed the report of the Group Internal Audit department. Furthermore, the Supervisory Board specified the key audit focuses for the audit of the consolidated financial statements. In addition, at this meeting the Audit Committee addressed the Group's sustainability targets and measures and stipulated the discussion of further ESG topics within the respective roadmap. Moreover, the committee received report on the topics of cybersecurity and the SAP S/4 HANA transformation project.

In December 2024, the Board of Management of the General Partner and the Supervisory Board held detailed discussions concerning the quarterly reporting and the 9-month 2024/25 statement. Furthermore, the risk report, compliance report, and financial situation were discussed, as was the status update provided on the S4/HANA transformation project. In addition, within the ESG roadmap the committee received report on the topic of "customer satisfaction" and updated and adopted the guidelines governing the approval of non-audit services. The external auditor reported on the current status of the audit already initiated and on cyber risks.

In February 2025, the Audit Committee addressed the company's budget for the financial years 2025/26 to 2029/30 in great detail. In addition, the annual internal audit report and the audit planning for the 2025/26 financial year were discussed. Furthermore, within the ESG roadmap the committee received extensive report on the topic of "diversity", which was then discussed in great detail.

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.

The Special Committee formed by the Supervisory Board of HORNBACH Holding AG & Co. KGaA held two meetings in the 2024/25 financial year, namely in May and September 2024. One of these meetings was held in person and the other 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 of HORNBACH Holding AG & Co. KGaA did not hold any meetings in the 2024/25 financial year.

Composition of Board of Management of General Partner

In the interests of safeguarding the company's future, developing 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. No changes arose in the composition of the Board of Management of the General Partner in the 2024/25 financial year. It should be pointed out, however, that Karin Dohm prematurely stood down from her position on the Board of Management of the General Partner, HORNBACH Management AG, as of the end of March 31, 2025.

At the Supervisory Board meetings of HORNBACH Management AG and HORNBACH Baumarkt AG held on April 24, 2025, Dr. Joanna Kowalska was appointed as Chief Financial Officer of both companies as of August 15, 2025 for a three-year term running until August 14, 2028.

Composition of Supervisory Board
There were no changes in the Supervisory Board of HORNBACH Holding AG & Co. KGaA in the 2024/25 financial year. Extensive training is offered to all Supervisory Board members on a regular basis. The most recent extensive in-house training took place 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" or "the auditor"), audited the annual financial statements and consolidated financial statements of HORNBACH Holding AG & Co. KGaA as of February 28, 2025, as well as the combined management report and Group management report of HORNBACH Holding AG & Co. KGaA for the 2024/25 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 2024/25 financial year were, in respect of the annual financial statements, the recoverability of financial assets and receivables due from associated companies and, in respect of the consolidated financial statements, the measurement of inventories and the recoverability of location properties and of right-of-use assets for location properties.

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, 2025 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 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 2025/26 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 28, 2025. The Supervisory Board endorsed the appropriation of profits proposed by the Board of Management.

Review of the content of the non-financial Group report (Group Sustainability Statement))
In the Sustainability Statement of HORNBACH Holding AG & Co. KGaA for the reporting period from March 1, 2024 to February 28, 2025, 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, 2025, the Supervisory Board adopted a resolution approving the Sustainability Statement of HORNBACH Holding AG & Co. KGaA for the reporting period from March 1,

2024 to February 28, 2025. 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 16, 2024, 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 it to conclude that the Sustainability Statement 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) and the European Sustainability Reporting Standards (ESRS). At the Supervisory Board meeting on May 16, 2025, 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 by the Board of Management of the General Partner at the end of its report pursuant to § 312 AktG.

Europe and the world will face great social, economic, and political changes in the years ahead 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. It thanks the Board of Management of the General Partner, management staff, and all employees for a successful 2024/25 financial year.

Bornheim (Palatinate), May 2025

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 2024 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 trans-actions 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 im-pacts 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 submitting its previous Declaration of Compliance in December 2023, 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.

We would add that the company complies with all suggestions contained in the Code that are applicable to a KGaA.

Bornheim bei Landau, December 2024

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

The above Declaration of Compliance dated December 2024 has been published on our website together with all earlier Declarations of Compliance and is also available as a download.

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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 governing bodies

The statutory bodies of the KGaA are the General Partner, the Supervisory Board, and the Annual General Meeting.

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.

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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 two members (status: May 2025). 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.

For specific resolutions, legal requirements exclude the General Partner (HORNBACH Management AG), and 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-holding.com.

3. Modus Operandi of Management and Supervisory Board

3.1 Supervisory Board

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.

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Supervisory Board

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 sustainability, 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. There were no contracts with Supervisory Board members of HORNBACH Holding AG & Co. KGaA which required approval in the 2024/25 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

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

Directors and Officers
Committees

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 the audit. It takes suitable measures to establish and monitor the independence of the auditor and to supervise any additional services (non-audit 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).

As is the case at its December meeting each year, moreover, the Supervisory Board also reviewed the efficiency of its activities as required by §12 of the Rules of Procedure for the Supervisory Board, which are published on the website. To this end, together with the documents for the meeting the Supervisory Board members were provided in advance with a questionnaire covering six groups of topics with two to four questions for each group. This was intended to ensure an efficient exchange of opinions at the meeting itself. As a result of this process, the Supervisory Board concluded that, notwithstanding the growing number and complexity of regulatory requirements, its activities were still characterized by a very high level of quality.

3.1.1 Diversity concept, composition, and skills and expertise profile of the Supervisory Board of HORNBACH Holding AG & Co. KGaA

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 February 28, 2025 the Supervisory Board updated 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.

As a family company, HORNBACH Holding AG & Co. KGaA promotes a working culture that is open and characterized by well-balanced diversity (“Explore variety”). The goal of the Supervisory Board’s diversity concept is to continually increase diversity within the Supervisory Board and thus ensure a composition that is suitable to effectively monitor and supervise the company based on the ages, genders, educational and professional backgrounds, and international experience thereby represented:

- 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 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.

HORNBACH is convinced that a holistic approach to diversity will strengthen the company in the long term by allowing a variety of perspectives, experiences, and backgrounds to be considered, thus generating added value for customers and suppliers, investors / shareholders, and employees. In its current composition, the Supervisory Board satisfies all aspects of the diversity concept. In the 2024/25 financial year and upon the preparation of this report it was the case that:

- 4 out of 6 Supervisory Board members are below the age of 70. The ages of Supervisory Board members range from 47 to 75. The Supervisory Board members have an average age of 63.5.
- Four Supervisory Board members are women. This means that women make up 66.67% of the Supervisory Board’s members.
- The Supervisory Board has 5 independent members, meaning that 83.33% of its members are independent.

Alongside the diversity concept, the Supervisory Board has set targets for its composition and thus also accounted for qualitative criteria relating to company-specific requirements:

- The Supervisory Board should have expertise, skills, and experience in the following specialist fields:
  - Management, C-level experience
  - Retail, including e-commerce, logistics, real estate, and investment management
  - Corporate governance, compliance and risk management
  - Personnel and change management
  - Accounting and auditing
  - Capital market, financing
  - IT, digital transformation, cybersecurity, and artificial intelligence
  - ESG, sustainability, CSR, and security
  - Marketing and communications.
- The Supervisory Board should as a whole have experience at least in other European countries.
- The Supervisory Board should include a suitable number of independent members, with more than half of its members having to be independent. In assessing independence, the Supervisory Board should consider all of the aspects listed in C.6 and C.7 of the German Corporate Governance Code.
- The Supervisory Board should ensure that all members have sufficient time to discharge their duties.
- The Supervisory Board should consider all aspects of the diversity concept as targets for its composition.

In addition, the Supervisory Board has stipulated a skills and expertise profile that describes the overall profile of the skills and expertise required for the Supervisory Board:

- Supervisory Board members should as a whole have multiple years of management experience and C-level experience.
- The Supervisory Board members should collectively be familiar with the stationary and electronic retail and / or logistics sector. At least one Supervisory Board member should have specialist expertise or professional experience at an omnichannel retail company or in logistics and distribution.
- At least one Supervisory Board member should have expertise in the field of accounting and one other member should have experience in the field of auditing.
- At least one Supervisory Board member should be familiar with digital transformation, artificial intelligence, and / or cybersecurity.
- At least one Supervisory Board member should be familiar with sustainability, and in particular with ESG.

The goal is to account for the company's requirements and for new business developments while simultaneously ensuring effective supervision and control by way of a suitable Supervisory Board composition. In its current composition, the Supervisory Board fully satisfies these requirements and those of the skills and expertise profile.

Further disclosures on diversity and individual expertise of Supervisory Board members (status: February 28, 2025):

	Dr. John Feldmann	Martin Hornbach	Simone Krah	Simona Scarpaleggia	Vanessa Stützle	Melanie Thomann-Bopp
Profession exercised						
	Former Executive Board member of BASF SE	Managing Partner of Corivus Gruppe GmbH	(Managing) President of MMM-Club e.V.	Self-employed	CEO of Luqom Group	Executive Board member of Apetito AG, responsible for finance/ controlling/ IT
Board affiliation						
Member since	2014	2015	2018	2020	2022	2018
Appointed until	End of 2028 AGM	End of 2028 AGM	End of 2028 AGM	End of 2028 AGM	End of 2028 AGM	End of 2028 AGM
Personal qualifications						
Independent (as per DCGK)	Yes		Yes	Yes	Yes	Yes
No "over-boarding" (as per DCGK)	No	No	No	No	No	No
Academic qualifications	Chemistry	Industrial engineering	Political sciences	Business administration/ political sciences	Business administration	Business administration
Diversity						
Gender	Male	Male	Female	Female	Female	Female
Year of birth	1949	1954	1974	1960	1978	1978
Nationality	German	German	German	Italian	German	German
International experience						
Germany	Yes	Yes	Yes	Yes	Yes	Yes
Europe	Yes	Yes	Yes	Yes	Yes	Yes
Middle East, APAC, AMER	Yes				Yes	

	Dr. John Feldmann	Martin Hornbach	Simone Krah	Simona Scarpaleggia	Vanessa Stützle	Melanie Thomann-Bopp
Specialist qualifications						
Management, C-level experience	○	X		X	X	X
Retail		X	X	X	○	x
Marketing, communications, services			○	X	X	X
IT, digital transformation, cybersecurity		○	X	X	X	X
Auditing, accounting	X				X	○
Capital market, financing	X				X	○
Corporate governance, compliance, risk management	○			x	X	X
Personnel, change management		X	X	○	X	
Investment management	○	X				X
Real estate management		○				X
ESG, sustainability, and CSR	X		X	X	X	○
Logistics, distribution		○		X	X	X

The members marked with ○ bear lead responsibility for the respective skill / 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 her 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.

3.1.2 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 2024/25 financial year and currently comprises two members (status: May 2025). 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.

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Company > Corporate Governance > Board of Management

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.

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 28, 2025 and currently includes four women (status: May 2025). 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. As of February 28, 2025, the Board of Management of the General Partner comprised one women and two men. Based on amicable agreement, Karin Dohm stood down from her positions on the Boards of Management of HORNBACH Management AG and HORNBACH Baumarkt AG as of the end of March 31, 2025. As a result, the Board of Management of HORNBACH Management AG currently comprises two men (status: May 2025).

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 also 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 28, 2025. This is currently still the case (status: May 2025). The target has thus currently been exceeded. The second management level below the Board of Management comprised one manager, in this case a man, as of February 28, 2025. This too is currently still the case (status: May 2025). The respective target has therefore not yet been met.

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 in-person capital market events were offered once again in the 2024/25 financial year. The 2024 Annual General Meeting was held on an in-person basis.

www.hornbach-holding.com
Investor Relations

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

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.

www.hornbach-holding.com
Investor Relations > News

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.

6. Relevant Corporate Governance Practices

www.hornbach-holding.com
Company >
Corporate Governance

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-holding.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.

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 pursues the primary 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 "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 target 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.

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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.

As well as promoting an effective compliance culture, compliance activities have a particular focus on the risks of "improper conduct / corruption" and "cartel law violations". The development in risks which are already known and the potential emergence of new risks are surveyed in the compliance survey, which is conducted once a year and regularly updated.

The compliance system is supplemented by a 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, as well as with an internet-based external service provider. 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 solely to 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 a quarter were not directly within the objective scope of the whistleblower system.

6.3 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.

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 basic features and structure of remuneration of the Board of Management of the General Partner and the Supervisory Board. It is available on our 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 (Vorsitz)
Martin Hornbach
Melanie Thomann-Bopp

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

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[1)]
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

[1)] Karin Dohm has resigned from the Board of Management of HORNBACH Management AG with effect from March 31, 2025..

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
Global Head of Contact Center Solutions
at Allianz Technology SE

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

Maria Olivier
Partner at Bush Barn Farm

Vanessa Stützle
Chief Executive Officer ofLUQOM Group

Dr. Susanne Wulfsberg
Veterinarian

The HORNBACH Holding Share

Key figures for the HORNBACH Holding share		2024/25	2023/24	2022/23	2021/22	2020/21
Year-end price[1]	€	79.50	68.95	78.60	117.60	78.20
12-month high[1]	€	88.20	79.00	125.30	138.80	99.70
12-month low[1]	€	66.80	55.55	61.85	77.30	33.65
Shares issued	Number	15,996,751	15,990,807	15,993,125	16,000,000	16,000,000
Market capitalization	€ 000s	1,271,742	1,102,566	1,257,060	1,881,600	1,251,200
Earnings per share	€	8.80	7.83	9.83	12.48	10.33
Price / earnings ratio[2]		9.0	8.8	8.0	9.4	7.6
Book value per share	€	122.23	115.57	111.01	101.89	92.30
Price-to-book ratio[3]		0.7	0.6	0.7	1.2	0.8
Cash flow from operating activities per share	€	19.93	28.48	26.62	21.56	21.66
Price / cash flow ratio[4]		4.0	2.4	3.0	5.5	3.6
Dividend per share[5]	€	2.40	2.40	2.40	2.40	2.00
Distribution total[5]	€ 000s	38,392	38,378	38,384	38,400	32,000
Payout ratio[5),6]	%	27.3	30.7	24.4	19.2	19.4
Dividend yield[7]	%	3.0	3.5	3.1	2.0	2.6
Performance including dividend	%	18.8	(9.2)	(31.1)	52.9	56.6
Performance excluding dividend	%	15.3	(12.3)	(33.2)	50.4	53.6
Average daily trading volume	Number	10,904	12,191	18,194	31,636	39,737

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) 2024/25: proposal to 2025 Annual General Meeting
6) Dividend per share ÷ earnings per share
7) Dividend per share ÷ year-end price

2024/25 on the Stock Markets

Positive performance on stock markets

International stock markets performed positively overall in the period covered by the financial year from March 1, 2024 to February 28, 2025, with many indices posting double-digit increases. One factor worth highlighting is the strong performance of technology companies and the positive economic data in the USA. Disruptive events, such as the rapid development of artificial intelligence and its advancing implementation in all areas of the economy and society, the change of government in the USA and subsequent shifts in the global political order, led investors to hold their breath at the end of the stock market year.

European stock markets also performed positively, as did the German stock market. The Euro Stoxx 50 rose over the year to reach new record highs. Despite fluctuations, the MSCI Europe developed positively, with European stocks posting a lead of around 9% over US stocks. The DAX reached an all-time high in February 2025 and rose by 13% since the beginning of 2025.

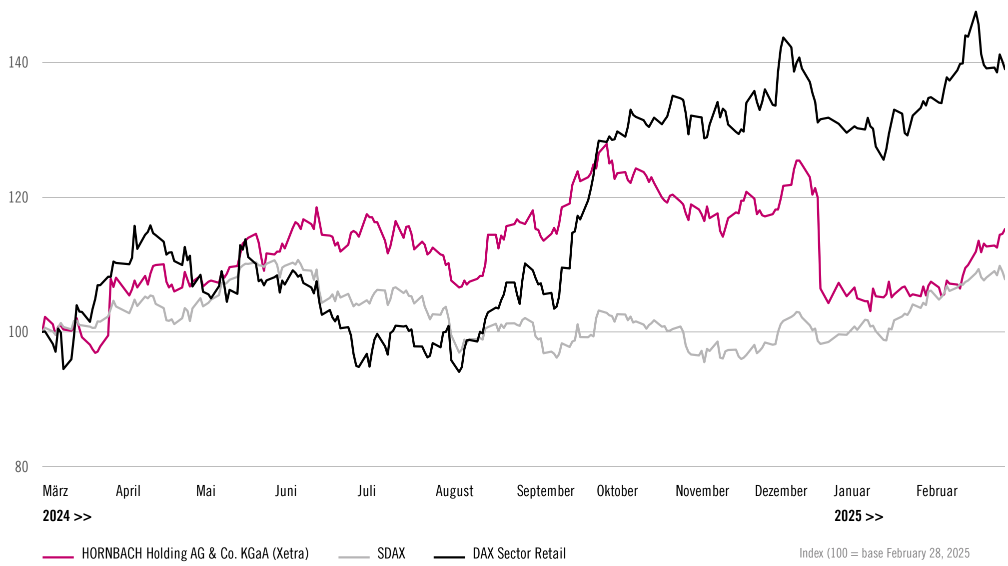
Several events influenced European markets in this period. Expectations that central banks would cut interest rates, robust economic activity in Europe, and peace talks in Ukraine all contributed to a positive market climate. The announcement of new tariffs by the Trump administration led to increased volatility which nevertheless did not significantly hold back European markets. The early Federal Election in Germany and the European Elections also impacted on markets. The European Election resulted in a shift in power within the European Parliament, with right-wing parties gaining ground. This created concern due to fears that major political programs might be questioned. Markets nevertheless swiftly settled when it became clear that the major centrist parliamentary groups would continue to determine the agenda. The uncertainties surrounding the formation of a government following the early Federal Election in Germany also led to short-term volatilities, yet the rapid moves made to form a government led to relief and a positive market reaction.

Overall, the year was characterized by robust economic developments and positive market expectations. Declining inflation rates and loose monetary policy on the part of central banks also contributed to this climate. Notwithstanding geopolitical tensions and volatile periods, the overall upward trend on the markets remained largely intact.

HORNBACH Holding share price performance

Including the dividend distributed during the financial year, HORNBACH Holding's share posted a plus of 18.8% in the 2024/25 financial year (March 1, 2024 to February 28, 2025). It thus performed more strongly than the SDAX comparative index (+7.8%), but underperformed the sector index DAXsector Retail (+39.0%). Excluding the dividend of € 2.40 per share distributed for the 2023/24 financial year, the share price increased by 15.3%.

Share price performance: March 1, 2024 to February 28, 2025



At the beginning of the 2024/25 financial year, HORNBACH Holding's share moved in parallel with the SDAX and the DAXsector Retail. The share price reached its 12-month low at € 66.80 shortly after the beginning of the financial year on March 20, 2024. During the summer, HORNBACH Holding's share initially performed better than its comparative indices, reaching its 12-month high at € 88.20 on September 30, 2024. In parallel with the SDAX, it then moved sideways between October and mid-December. Following publication of the Q3 results on December 20, 2024, the HORNBACH Holding share price initially fell significantly in a weak market climate. By January and February, it was developing positively once again and outperformed the SDAX. The HORNBACH HOLDING share closed at € 79.50 in XETRA trading on the balance sheet date on February 28, 2025 (2023/24: € 68.95). The market capitalization of HORNBACH Holding AG & Co. KGaA therefore stood at € 1,272 million at the end of the financial year (2023/24: € 1,103 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 28, 2025. 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 28, 2025, HORNBACH Holding's share was regularly covered by nine (2023/24: six) financial analysts in research reports. Financial analysts at three organizations, namely Baader Bank, Bankhaus Metzler, and Quirin Privatbank, newly began covering HORNBACH Holding's share during the 2024/25 financial year. As of the reporting date on February 28, 2025, six of the nine analysts recommended buying the HORNBACH Holding share, while three financial analysts issued hold recommendations. The average share price target amounted to € 94, implying positive potential of around 18% compared with the closing price at the end of our 2024/25 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 2024/25 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 11, 2025. Subject to such approval, the distribution would total € 38,392k, corresponding to a distribution quota of 27.3% and a dividend yield of 3.0% based on the closing price at the end of the 2024/25 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. The Board of Management and the Investor Relations team took part in a total of more than 25 conference and road show days in the 2024/25 financial year (2023/2024: around 20). Alongside established destinations, such as Germany, the UK, France, Poland, and the US, many new regions, including Austria, Spain, the BeNeLux region, and the Nordic countries, were also added. In addition, the Board of Management and Investor Relations team 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. As in the previous year, a dialog was held between the Supervisory Board Chair and institutional investors on governance topics in the 2024/25 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

2024 Annual General Meeting

The 2024 Annual General Meeting of HORNBACH Holding AG & Co. KGaA was held in the presence of shareholders at Jugendstil-Festhalle in Landau (Palatinate) on July 5, 2024. 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 30.7% based on earnings per share of € 7.83 for the 2023/24 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 2025

May 21, 2025	Publication of Annual Report as of February 28, 2025 Annual Results Press Conference / Analysts' Conference for 2024/25 Financial Year
June 24, 2025	Quarterly Statement: 1st Quarter of 2025/26 as of May 31, 2025
July 11, 2024	Annual General Meeting, Landau (Palatinate)
September 30, 2025	Half-Year Financial Report 2025/26 as of August 31, 2025
December 22, 2025	Quarterly Statement: 3rd Quarter of 2025/26 as of November 30, 2025

Investor Relations

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COMBINED MANAGEMENT REPORT

Preliminary Remark

A Group Sustainability Statement has been integrated into the Combined Management Report of the HORNBACH Group for the first time in the year under report. This meets the requirements in respect of non-financial reporting obligations pursuant to § 315 b to § 315c HGB (non-financial Group declaration) and the requirements of Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation). The European Sustainability Reporting Standards (ESRS) were drawn on as the framework for the Group Sustainability Statement.

Group Fundamentals

This chapter includes disclosures typical to a management report that simultaneously fulfil the disclosure requirements of ESRS 2 SBM-1. These disclosures are indicated with the symbol [* *disclosure requirement*].

1. The Group at a Glance

HORNBACH Holding AG & Co. KGaA is the parent company of the HORNBACH Group. It does not have any operations itself, but rather has a number of important subsidiaries. Alongside, HORNBACH Baumarkt AG, the largest operating Subgroup at which the Europe-wide do-it-yourself (DIY) business is 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 28, 2025, the Group had a total of 25,329 employees, of which 13,586 in Germany and 11,743 in other European countries and Hong Kong. In the 2024/25 financial year (March 1, 2024 to February 28, 2025), the HORNBACH Group generated net sales of around € 6.200 million. The HORNBACH Group was founded in 1877 and is still family-managed, now in the fifth generation.

€ 6.2 bn
consolidated sales

[The partnership limited by shares (KGaA) is publicly listed on the Regulated Market at Frankfurt Stock Exchange and is a member of the SDAX. 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 in the 2024/25 financial year comprised 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 mit beschränkter Haftung owns all the shares in the General Partner of HORNBACH Holding AG & Co. KGaA. **SBM-1.42a*]

The diagram below 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.

Notes to Consolidated Financial Statements
Consolidated shareholdings

In the 2024/25 financial year, HORNBACH Holding AG & Co. KGaA increased its shareholding in HORNBACH Baumarkt AG from 93.7% to 95.3%.

172
locations across Europe

1.1 HORNBACH Baumarkt AG Subgroup

At the balance sheet date on February 28, 2025, the HORNBACH Baumarkt AG Subgroup operated 170 DIY megastores with garden centers and HORNBACH online shops in nine European countries. Furthermore, in Germany HORNBACH operates two specialist hard flooring stores under the management of BODENHAUS GmbH and a BODENHAUS online shop. 99 locations are in Germany. A further 73 stores are located in the following other European countries: the Netherlands (18), Austria (14), Czechia (10), Romania (9), Switzerland (8), Sweden (8), Slovakia (5), and Luxembourg (1). Based on weighted total sales areas (definition of BHB retail association) of 2,064 thousand m² as of February 28, 2025, the average HORNBACH DIY store and garden center has a size of around 12,000 m². The Subgroup generated sales of € 5,847 million (around 94% of consolidated sales) in the 2024/25 financial year and had 24,145 employees at the balance sheet date (95% of the workforce of the HORNBACH Group).

39
builders' merchant outlets

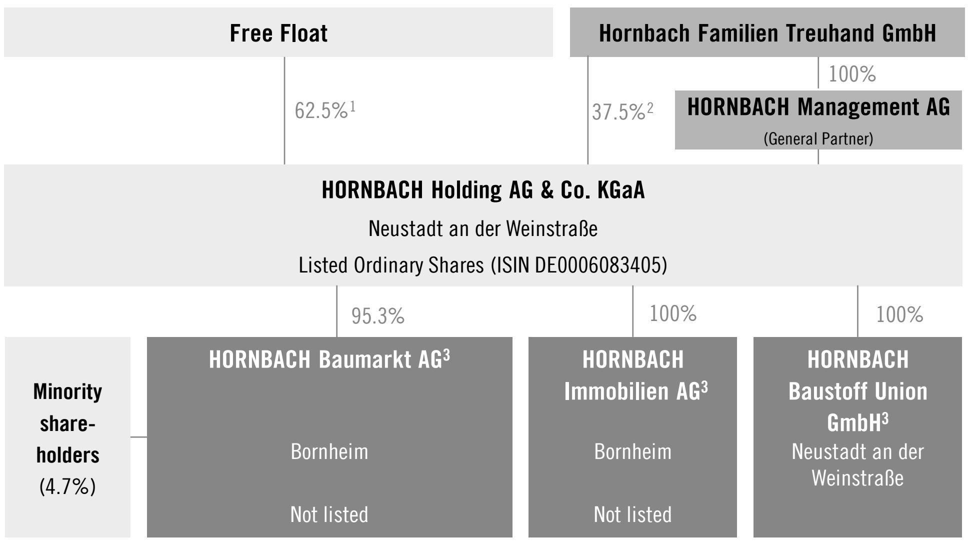
1.2 HORNBACH Baustoff Union GmbH Subgroup

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 28, 2025, it operated a total of 39 locations, of which 37 in south-western Germany and two close to the border in France. The Subgroup generated sales of € 357 million (around 6% of consolidated sales) in the 2024/25 financial year and had 1,160 employees at the balance sheet date.

1.3 HORNBACH Immobilien AG Subgroup

The HORNBACH Immobilien AG Subgroup mainly owns 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 € 89.6 million in the 2024/25 financial year, 98% resulted from the letting of properties within the overall Group. This Subgroup does not have any proprietary employees.

Group structure and shareholders of HORNBACH Holding AG & Co. KGaA
Status: February 28, 2025



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 main focus of business activities is on do-it-yourself (DIY) retail with DIY stores and garden centers, as well as online DIY retail, in Germany and eight other European countries. These retail activities are managed within the largest operating Subgroup, **HORNBACH Baumarkt AG**, and predominantly address private end customers. Furthermore, with its "ProfiService" and product range structure HORNBACH also targets trade firms and other commercial customers. The product range encompasses an average of round 50,000 articles in stock at stationary stores and up to around 300,000 articles available online (excluding marketplace). The product range is structured in five divisions: (1) Hardware / Electrical, (2) Paint / Wallpaper / Flooring, (3) Construction Materials / Timber / Prefabricated Components, (4) Sanitary / Tiles, and (5) Garden. The product range includes 53 private labels from across all five divisions. In the 2024/25 financial year, these accounted for around 25% of total product range sales. Furthermore, in Germany HORNBACH operates 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. Furthermore, in its trade service HORNBACH provides its customers with the possibility of having all aspects of a large number of trades, including all services, performed by regional trade firms that are under contract (do-it-for-me). This trade service is supplemented by the services offered by Seniovo GmbH, a start-up specializing in barrier-free bathroom conversions. 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.

With a very broad selection of tiles, parquets, laminates, vinyl, and decking, the BODENHAUS specialist retail concept chiefly targets trade companies, 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 HORNBACH 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**. 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. The range of products and services available at HORNBACH Baustoff Union comprises around 230,000 articles in the following ten divisions: civil engineering, building construction, roofing, assembly/façade, garden and landscaping, building elements, tiles/sanitary, specialist store/tools, fuels, and transportation/other services. The product range includes three private labels mainly focusing on garden and landscaping (natural stone, construction chemistry), plasters, mortars, and heat insulation composite systems, as well as tiles. In the 2024/25 financial year, these private labels accounted for a medium single-digit percentage share of sales.

Further information about customer relationships can be found in Chapter 3.4 ESRS S4 Consumers and End-Users in the Group Sustainability Statement.

The procurement organization of the HORNBACH Group safeguards broad access to global procurement markets and builds on strategic, long-term partnerships with suppliers. The HORNBACH Baumarkt AG Subgroup maintains a procurement office in Hong Kong to manage the import of goods from East Asia. In procuring its trading goods, the HORNBACH Group works with direct suppliers from around 40 countries. Around 70% of the trading goods purchased come from the European Union. Among others, direct suppliers of trading goods include manufacturers of metal products, plastic goods, glass, ceramics, timber goods, chemical products and textiles, stone and soil processors, and agricultural firms and market gardens. Furthermore, HORNBACH works together with service providers offering services in, among other areas, transport, logistics, construction, energy supply, and IT and software. It also procures furnishings and vehicles for its stores and administration locations.

Further information about supplier relationships can be found in Section 4.1.4 Management of relationships with suppliers including payment practice policy in the Group Sustainability Statement.

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 28, 2025:

	No. of stores	Sales area m^2	Share %
Property owned			
HORNBACH Baumarkt AG Subgroup	60	728,776	35.3
HORNBACH Immobilien AG Subgroup	44	534,997	25.9
Subtotal of property owned	**104**	**1,263,773**	**61.2**
Land rented, buildings owned	4	40,031	2.0
Lease (rent)	64	759,994	36.8
Total	**172**	**2,063,798**	**100.0**

(Differences due to rounding up or down)

61.2%
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 61.2% at the balance sheet date on February 28, 2025 (2023/24: 61.6%). The remaining total of around 38.8% of sales areas are rented from third parties (2023/24: 38.4%). In individual cases (2.0%; 2023/24: 1.4%), 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 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.* *SBM-1.40a 1, 2, SBM-1.42a-c*]

2.3 Hidden reserves in real estate assets

The real estate owned by the HORNBACH Immobilien AG and HORNBACH Baumarkt AG Subgroups includes a high volume of hidden reserves which, based on our own assumptions and calculations, we indicate below. None of the disclosures made in Chapter 2.3 were audited.

As a general rule, a conservative long-term average rent multiplier of 13 is referred to when calculating hidden reserves. Based on past experience, this reflects a realistic, balanced ratio of opportunities and risks to determine the capitalized earnings value of the DIY locations owned by the HORNBACH Group. Where up-to-date surveys are available for individual locations, these values are referred to rather than the values calculated using the general factors.

Properties that have been completed and rented out by the HORNBACH Immobilien AG Subgroup are reported at a carrying amount of around € 383 million in the balance sheet as of February 28, 2025. The application of an average multiplier of 13 based on rental income, as well as an age discount of 0.6% p.a. based on the yield value, produces an unaudited calculated yield value of € 917 million at the balance sheet date (2023/24: € 897 million). The deduction of the carrying amount of the real estate in question, amounting to € 383 million (2023/24: € 386 million) produces hidden reserves of € 534 million (2023/24: € 511 million).

At the balance sheet date on February 28, 2025, the HORNBACH Baumarkt AG Subgroup owned real estate in Germany and abroad used for proprietary purposes as DIY stores with garden centers with a carrying amount of around € 924 million. On the basis of intra-company rental income at customary market rates and a multiplier of 13, as well as an age discount of 0.6% p.a. in terms of the yield value, the unaudited calculated yield value for the real estate amounts to around € 1,356 million (2023/24: € 1,359 million). Deducting the carrying amount of € 924 million (2023/24: € 936 million) leads to calculated hidden reserves of around € 432 million (2023/24: € 423 million).

Based on this calculation, the unaudited hidden reserves for the real estate used for operating purposes at the overall Group are calculated as amounting to around € 966 million (2023/24: € 934 million).

2.4 Intangible resources

As well as the assets recognized in the balance sheet, intangible resources (as defined in § 289 (3a), § 315 (3a) HGB-E) are also relevant to the company's value creation. For HORNBACH as a retail company, customer relationships are the first priority. These are reflected in high levels of customer satisfaction and brand awareness, as well as in relevant market shares in the countries in which HORNBACH operates. Furthermore, well-trained, experienced, and motivated employees are necessary for the advice-intensive DIY store and construction materials business. HORNBACH invests in its employees with measures including training and development. Further material intangible resources are supplier relationships and access to financing options due to the company's capital market presence.

2.5 Reporting segments

The allocation of segments corresponds to the internal reporting system used by the management of the HORNBACH Holding AG & Co. KGaA Group to manage 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	Earnings before interest and taxes adjusted to exclude non-operating earnings items, or **adjusted EBIT**, is the Group's most important earnings figure. 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 profit and gross margin	The development in **gross profit** and the **gross margin** act as indicators of our gross trading performance. The gross margin is defined as gross profit (net balance of sales and cost of goods sold) as a percentage of net sales. This 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 adjusted EBIT 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 (e.g. short-term time deposits). 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

Labeling sustainable articles	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. The 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, labelled.
Reduction in Scope 1 and 2 CO_2 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 own 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 employee resignations as a proportion of the average number of employees in the financial year (excluding temporary employment relationships).
Diversity	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

Based on figures released by the European Union statistics authority (Eurostat), the European economy (EU 27) grew by 1.0% in the 2024 calendar year (2023: +0.4%). In most countries in which HORNBACH operates, economic growth was somewhat higher than in the previous year. As in 2023 already, however, Germany and Austria reported a contraction in their economies. Private consumer spending in the EU grew by 1.3% (2023: 0.4%), with all countries in which HORNBACH operates reporting slight increases. Despite a robust labor market and rising real-term disposable incomes, consumer confidence remained subdued overall. Companies were also hesitant with capital expenditure. Above all, the new elections in the USA and Germany led to increased uncertainty. By contrast, inflation showed positive developments. The average inflation rate (HCPI) in the EU decreased significantly and stood at 2.6% in the 2024 calendar year (2023: 6.4%). Industry producer prices fell by 2.5% in the 2024 calendar year (2023: -0.8%).

Table
GDP growth rates and inflation

The European Central Bank responded to the decline in inflation by loosening its monetary policy. The deposit rate fell from 4.5% at the beginning of the financial year to 2.5% most recently (March 6, 2025). The interest rate cuts nevertheless only had a marginal impact on current yields on the capital market and on mortgage rates. The latter rates decreased slightly in the course of the year, but rose again following the announcement of Germany's debt package.

Output in the EU construction sector contracted by 1.4% in the 2024 calendar year (2023: +1.7%) and also declined in most countries in which HORNBACH operates. Non-food retail volumes (excluding motor fuels) rose by 2.0% in the overall EU in 2024 (2023: -0.9%). According to figures released by the GfK consumer research association for the 2024 calendar year, nominal gross sales in the do-it-yourself (DIY) retail sector fell by 1.5% in Germany (2023: -3.1%), by 5.8% in Czechia (2023: -5.9%), and by 3.9% in Switzerland (2023: -4.9%). Nominal gross DIY sales rose by 2.6% in the Netherlands (2023: +4.4%) and by 0.9% in Austria (2023: +3.2%). No GfK data is available for 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 2024	2nd Quarter 2024	3rd Quarter 2024	4th Quarter 2024	Calendar Year 2024	Calendar Year 2024
Germany	**(0.1)**	**(0.2)**	**(0.3)**	**(0.2)**	**(0.2)**	**2.5**
Austria	(1.7)	(1.7)	(1.1)	(0.9)	(1.2)	2.9
Czechia	0.3	0.5	1.4	1.8	1.1	2.7
Luxembourg	0.5	1.6	0.0	1.9	1.0	2.3
Netherlands	(0.6)	0.6	1.9	2.1	1.0	3.2
Romania	2.0	0.8	(0.1)	0.7	0.9	5.8
Slovakia	2.7	2.0	1.7	1.7	2.0	3.2
Sweden	(0.1)	0.5	1.0	2.3	1.0	2.0
Switzerland	0.6	1.3	1.6	1.6	1.3	1.1
EU 27	**0.6**	**0.8**	**1.1**	**1.4**	**1.0**	**2.6**

[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 0.2% in the 2024 calendar year (2023: -0.3%). On a price-adjusted basis, private consumer spending grew year-on-year by 0.3% over the same period (2023: -0.4%). The decline in inflation and pay rises for many employees had only a limited impact in terms of stimulating purchases. Due to inflation, consumer spending grew by 3.0% in nominal terms (2023: 6.3%). Thanks to pay rises, private household disposable incomes rose by 4.5%, and thus slightly faster than consumer spending, in 2024.

1.2.2 Construction activity and construction trade

High construction prices and difficult financing conditions continued to have an adverse impact on the construction industry in Germany. According to calculations compiled by the German Institute for Economic Research (DIW), housebuilding volumes fell by 2.2% in 2024 (2023: +2.8%). In real terms, the reduction amounted to 5.1% (2023: -3.5%). The market for modernization measures on existing buildings, which is relevant to the DIY store sector, showed a nominal reduction of 0.3% (2022: -1.4%) and contracted by 3.2% in real terms (2023: -1.0%).

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 2.2% to € 663.8 billion in the 2024 calendar year (2023: € 649.5 billion). In real terms, sales grew by 0.9% (2023: -3.3%). Online retail (e-commerce) rose by 3.5% to € 88.4 billion (2023: € 85.4 billion) and by 2.5% in real terms (2023: -2.5%). Online sales thus accounted for a 13.3% share of total retail sales volumes in 2024 (2023: 13.1%).

The BHB association for the DIY sector and the GfK market research institute reported a nominal reduction in gross sales at large-scale DIY stores with sales areas of more than 1,000 m² of 1.5% to € 20.9 billion in the 2024 calendar year (2023: € 21.2 billion). On a like-for-like basis, i.e. excluding stores newly opened, closed or subject to substantial conversion measures, the sector reported a 1.0% 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 € 4.1 billion. The market volume of all DIY and home improvement stores therefore fell by 1.8% to € 25.0 billion in the 2024 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 grew by 2.1% to a gross total of € 5.6 billion in the 2024 calendar year (2023: € 5.5 billion). DIY companies with stationary operations, which are included in these figures, reported an increase in their online sales by 1.6% 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 2024 calendar year, nominal sales in the main construction trade (housing construction, companies with 20 or more employees) fell by 17.6% in Rhineland-Palatinate (2023: -12.0%), by 7.6% in Saarland (2023: -22.4%), and by 12.0% in Baden-Württemberg (2023: +1.6%). For Germany as a whole, nominal sales fell by 10.3% (2023: -4.9%). New orders in the main construction trade dropped by 2.5% in Rhineland-Palatinate (2023: -25.9%). By contrast, new orders grew by 6.6% in Saarland (2023: +1.5%) and by 3.8% in Baden-Württemberg (2023: -20.3%). Across Germany, new orders fell 2.4% short of the previous year's figure (2023: -13.5%).

2. Summary of 2024/24 Business Performance

2.1 Overall assessment of the Group’s economic position

2.1.1 Impact of macroeconomic and geopolitical conditions

Given the subdued macroeconomic climate, DIY customers remained hesitant to make larger-scale investments and purchases in the 2024/25 financial year and focused above all on implementing smaller renovation projects. The ongoing weakness of the construction industry in Germany particularly affected the HORNBACH Baustoff Union Subgroup. By contrast, the HORNBACH Baumarkt AG Subgroup predominantly focuses on the end customer business, and on refurbishment, renovation, and modernization projects in existing buildings.

The normalization of prices for commodities, a process that already began in the previous year, impacted positively on the gross margin. Conversely, the pay rises necessitated by inflation contributed to an increase in selling, store, and administration expenses.

The wars in Ukraine and Gaza did not have any direct impact on the business performance. HORNBACH did not and does not have any locations in Russia, Belarus, Ukraine, or Gaza and also does not have any direct suppliers in any of these countries or regions.

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 1.0 business days fewer than the previous year. The resultant calendar effect was distributed among the four quarters as follows:

- 1st Quarter (Q1): -0.6 business days
- 2nd Quarter (Q2): +0.5 business days
- 3rd Quarter (Q3): +/-0 business days
- 4th Quarter (Q4): -1.0 business days.

Weather conditions in the countries in which HORNBACH operates were notably milder in March and April 2024 (Q1) than in the previous year's quarter, a factor which impacted positively on demand for plants and garden product ranges. By contrast, the months of May and June (Q1/Q2) were marked by strong rainfall and flooding in some HORNBACH regions and by unusually warm and dry weather in others, particularly in south-eastern Europe. The fall months (Q3) were milder than average in the countries in which HORNBACH operates, with some regions also witnessing unusually rainy weather. The winter (Q4) was predominantly mild, with individual periods of frost and low precipitation overall.

2.1.3 Operating performance

The **HORNBACH Baumarkt AG Subgroup** opened a DIY store and garden center in Nuremberg in the 2024/25 financial year (February 26, 2025), which was newly built on an existing piece of land. Moreover, the Subgroup invested in its existing stores within the framework of customary modernization programs, such as extensions to include drive-in facilities for construction materials. Furthermore, the Subgroup is continually working to expand its interconnected retail architecture to further improve customers’ shopping experience and ensure a high level of performance, scalability, and security. The range of products and services on offer is also continually being modernized and extended. The breadth and depth of the product range was further expanded in the year under report, particularly by integrating a marketplace for external providers, initially in HORNBACH’s German online shop. In addition, HORNBACH pressed further ahead with converting its SAP ERP system to S/4 HANA and with further technology projects aimed at optimizing order handling and supply chain management. The range of serial barrier-free bathroom conversion services offered by Seniovo, a startup acquired in the previous year, was rolled out further in Germany and integrated into HORNBACH's service portfolio in the 2024/25 financial year.

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 2024/25 financial year, the HORNBACH Baumarkt AG Subgroup was awarded first place for overall satisfaction among customers of DIY and home improvement stores in Germany, the Netherlands, and Sweden. 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.

The **market share of HORNBACH Baumarkt (GfK)** in Germany rose to 15.2% in the 2024 calendar year (2023: 14.9%). Its market share grew from 27.1% to 28.1% in the Netherlands, from 13.9% to 14.3% in Switzerland, and from 36.2% to 37.7% in Czechia. In Austria, its market share remained stable at 17.3%.

The **HORNBACH Baustoff Union GmbH Subgroup** took over a location in Kirn (Germany) as of March 1, 2024. As a result, HORNBACH Baustoff Union operated 39 locations at the balance sheet date (2023/24: 38). In addition, this Subgroup invested in modernizing its existing location in Pirmasens (Germany) and started work on extending the location in Kapellen-Drusweiler (Germany).

2.1.4 Asset, financial, and earnings position

The **HORNBACH Group's net sales** showed a slight increase of 0.6% to € 6,200.0 million (2023/24: € 6,160.9 million). Of these, € 5,847.0 million (2023/24: € 5,780.0 million), and thus around 94% (2023/24: 94%) were attributable to the **HORNBACH Baumarkt AG Subgroup.** The sales growth of 1.2% reported by the Subgroup is mainly due to increased customer footfall (+1.2%), while average purchase volumes were at around the previous year's level (+0.1%). The online business (including click & collect) accounted for a 12.3% share of total sales at the HORNBACH Baumarkt Subgroup in the 2024/25 financial year (2023/24: 12.7%). Compared with the previous year, online sales showed a slight reduction of 1.7% to € 720.3 million in the 2024/25 financial year.

Productivity remained high at HORNBACH's DIY stores and garden centers in the 2024/25 financial year. Average annual sales at HORNBACH's DIY stores and garden centers stood at € 34.2 million in the year under report (2023/24: € 33.9 million). Surface productivity, i.e. net sales per square meter of weighted sales area (BHB definition: enclosed space: 100%, drive-in/roofed space: 50%, open-air space: 25%) increased slightly from € 2,823 to € 2,849 per m² (+0.9%).

The **HORNBACH Baustoff Union GmbH Subgroup** generated net sales of € 357.1 million in the 2024/25 financial year (2023/24: € 380.7 million).

The HORNBACH Group's **adjusted EBIT** (operating earnings adjusted to exclude non-operating earnings items) grew by 6.0% to € 269.5 million in the 2024/25 financial year (2023/24: € 254.2 million). The adjusted EBIT margin amounted to 4.3% (2023/24: 4.1%).

Cash-effective capital expenditure at the HORNBACH Group decreased slightly to € 183.7 million in the 2024/25 year under report (2023/24: € 192.6 million). Of this total, 59% 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 into software.

The **operating cash flow** decreased to € 318.4 million (2023/24: € 454.9 million). The increase in the inflow of funds from the operating business (funds from operations) from € 360.7 million to € 384.2 million was countered by an opposing effect of € -65.8 million (2023/24: € +94.2 million) from the change in working capital. This mainly resulted from the increase in inventories accompanied by a scaling back in the reverse factoring program. The **free cash flow** (after dividends) amounted to € 108.2 million (2023/24: € 231.9 million).

Largely due to capital expenditure on property, plant and equipment, right-of-use assets, and inventories, the HORNBACH Group's **total assets** grew by 3.1% to € 4,614.2 million as of February 28, 2025 (February 29, 2024: € 4,477.1 million). The **equity ratio** rose to 44.1% (February 29, 2024: 43.5%). Net financial debt rose by 6.2% to € 1,277.0 million (2023/24: € 1,202.5 million). The **net debt ratio** (net debt / EBITDA) improved slightly from 2.5 to 2.6.

In November 2024, S&P Global Ratings confirmed the long-term issuer rating and the rating for senior unsecured liabilities for HORNBACH Baumarkt AG at "BB+" with a stable outlook. HORNBACH Holding AG & Co. KGaA was rated by Scope Ratings for the first time in January 2025 and received an investment grade issuer rating of BBB- with a stable outlook.

2.2 Target achievement in the 2024/25 financial year

The comparison of the actual with the forecast business performance is presented in the table below. The development in net sales (+0.6%) and increase in adjusted EBIT (+6.0%) were within the forecast ranges.

2.2.1 Targets and results of the HORNBACH Holding AG & Co. KGaA Group in the 2024/25 financial year

Key management figures	Guidance for 2024/25 financial year	Results in 2024/25
Net sales	■ Guidance dated 5.22.2024: slightly above previous year's level (€ 6,161 million) ■ Guidance adjusted on 12.20.2024: at previous year's level	**+0.6%** to € 6,200 million
Adjusted EBIT	■ Guidance dated 5.22.2024: at or slightly above previous year's level (€ 254.2 million)	**+6.0%** to € 269.5 million

Note: For **sales** "at previous year's level" refers to changes of -2% to +2%, while "slight" changes involve changes of 2% to 6%. 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 -5% to +5%. "Slight" corresponds to changes of >5% to 12%, while "significant" is equivalent to changes of more than 12%.

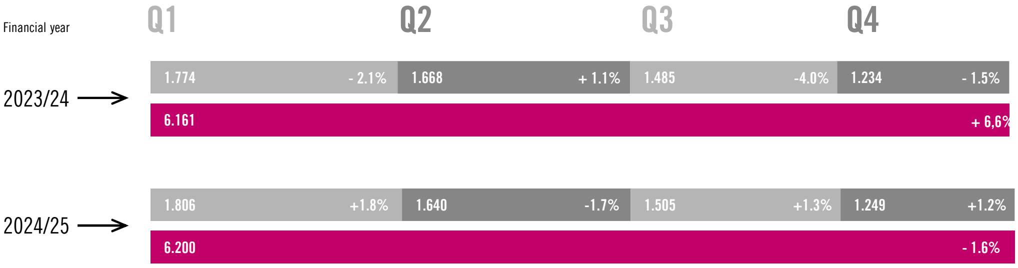
Further key figures	Other targets for 2024/25 financial year	Results in 2024/25
Expansion of HORNBACH Baumarkt AG Subgroup	DIY stores and garden centers (1 new store opening): Nuremberg (Germany)	**Nuremberg opened** on 2.26.2025
Capital expenditure	■ Target dated 5.22.2024: at previous year's level (€ 192.6 million) ■ Intra-year adjustment: € 160 million to € 180 million	**€ 183.7 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 its subsidiaries, the annual net surplus of € 61.0 million at the standalone company in the 2024/25 financial year was slightly higher than the previous year's figure of € 58.7 million (guidance: at around level for the 2023/24 financial year).

3. Earnings Position

Sales and growth by quarter
(€ million / %)



3.1 Sales performance

3.1.1 Net sales of the HORNBACH Group

€ 6,200 m
sales of the HORNBACH Group in the 2024/25 financial year

As of the balance sheet date on February 28, 2025, 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 2024/25 financial year (March 1, 2024 to February 28, 2025), the consolidated sales (excluding sales taxes) of the HORNBACH Group rose by 0.6% to € 6 200.0 million (2023/24: € 6,160.9 million).

3.1.2 HORNBACH Baumarkt AG Subgroup

Net sales at the HORNBACH Baumarkt AG Subgroup grew by 1.2% to € 5,847.0 million in the 2024/25 financial year (2023/24: € 5,780.0 million). At € 2,783.8 million, net sales in the Germany region were approximately at the previous year's level in the period under report (2023/24: € 2,787.4 million). In the Other European Countries region, the Subgroup reported sales growth of 2.4% to € 3,063.2 million (2023/24: € 2,992.6 million). The share of the Subgroup's sales generated by the international companies rose from 51.8% to 52.4%. Sales at HORNBACH's online shops (online mail order, click & collect, and other online transactions involving store contact) decreased by 1.7% to € 720.3 million in the 2024/25 financial year (2023/24: € 732.4 million). Online retail thus accounted for a 12.3% share of net sales at the Subgroup (2023/24: 12.7%).

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, increased by 1.1% in the 2024/25 financial year (2023/24: -2.0%). 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 %)

2024/25 financial year 2023/24 financial year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Group	**2.5**	**(1.2)**	**2.0**	**1.3**	**1.1**
	(3.2)	1.0	(4.3)	(1.3)	(2.0)
Germany	**2.9**	**(2.2)**	**0.2**	**(1.5)**	**0.0**
	(5.7)	0.3	(5.0)	(1.6)	(3.1)
Other Europe	**2.1**	**(0.3)**	**3.7**	**3.8**	**2.2**
	(0.8)	1.6	(3.6)	(1.1)	(0.9)

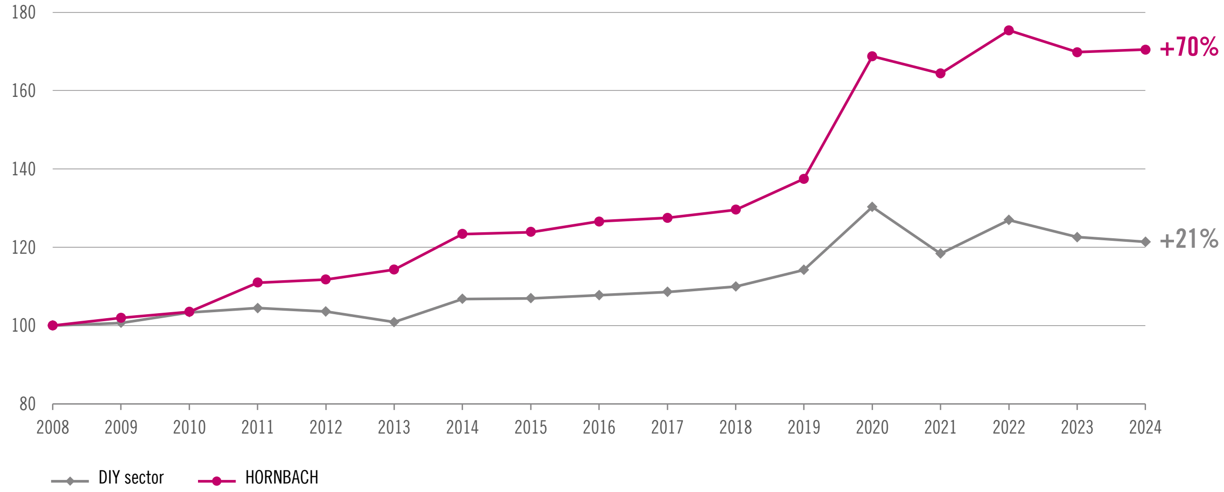
Including currency items, i.e. based on sales in euros, the HORNBACH Baumarkt AG Subgroup reported like-for-like sales growth of 0.9% in the 2024/25 financial year (2023/24: -1.9%).

- **Germany**

Like-for-like sales in the Germany region of the HORNBACH Baumarkt AG Subgroup were at the previous year's level in the 2024/25 financial year (2023/24: -3.1%). Based on the 2024 calendar year, the Subgroup reported like-for-like sales growth of 0.4% and thus performed slightly better than the DIY sector average in Germany which, according to the GfK, witnessed a 1.0% reduction in like-for like sales in the period from January to December 2024. 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 (including HORNBACH) generated growth of only 21% over the same period.

0%
like-for-like sales performance of HORNBACH DIY stores and garden centers in Germany

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



- **Other European Countries**

Overall, the stores in the Other European Countries region of the HORNBACH Baumarkt AG Subgroup reported an increase of 2.2% in their like-for-like sales net of currency items in the 2024/25 financial year (2023/24: -0.9%). Including currency items, like-for-like sales grew by 1.8% (2023/24: -0.8%). Positive like-for-like sales growth was reported for the Netherlands (+4.4%; 2023/24: +4.2%), Austria (+0.4%; 2023/24: -6.0%), Romania (+3.1%; 2023/24: -1.4%), Sweden (+3.0%; 2023/24: -2.2%), Slovakia (+1.8%; 2023/24: -1.3%), and Czechia (+2.9%; 2023/24: -3.3%). Reductions in like-for-like sales were posted in each case for Luxembourg (-1.3%; 2023/24: +0.8 %) and Switzerland (-1.3%; 2023/24: -1.8%).

+2.2%
like-for-like sales performance net of currency items at HORNBACH DIY stores and garden centers in Other European Countries

3.1.3 HORNBACH Baustoff Union GmbH Subgroup

Due to the weakness of the construction industry in Germany, the HORNBACH Baustoff Union GmbH Subgroup reported a reduction in sales in the 2024/25 financial year. At € 357.1 million, net sales fell 6.2% short of the previous year's figure (€ 380.7 million).

€ 357 m
sales at HORNBACH Baustoff Union Subgroup in 2024/25 financial year

3.1.4 HORNBACH Immobilien AG Subgroup

At € 89.6 million, rental income at the HORNBACH Immobilien AG Subgroup in the 2024/25 financial year was 0.6%, and thus slightly higher than the previous year's figure of € 89.1 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)	2024/25	2023/24	Change
Net sales	6,200	6,161	0.6%
of which: in Germany	3,129	3,158	(0.9)%
of which: in Other European Countries	3,071	3,003	2.3%
Like-for-like sales growth (HORNBACH Baumarkt Subgroup)	1.1%	(2.0)%	
EBITDA	489.8	473.8	3.4%
EBIT	252.7	225.8	11.9%
Adjusted EBIT	269.5	254.2	6.0%
Consolidated earnings before taxes	208.0	179.3	16.0%
Consolidated net income	147.2	131.7	11.8%
EBITDA margin	7.9%	7.7%	
EBIT margin	4.1%	3.7%	
Adjusted EBIT margin	4.3%	4.1%	
Gross margin	34.8%	33.8%	
Store expenses as % of net sales	26.0%	25.6%	
Pre-opening expenses as % of net sales	0.1%	0.1%	
General and administration expenses as % of net sales	5.1%	4.8%	
Tax rate	29.2%	26.6%	

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

3.2.1 Gross profit and gross margin

At € 2,160.6 million, gross profit in the 2024/25 financial year was ahead (+3.6%) of the previous year's level (€ 2,084.6 million). Mainly due to lower commodity prices, changes in the product range, and a more favorable product mix, the gross margin increased from 33.8% to 34.8%.

3.2.2 Selling and store, pre-opening, and administration expenses

The HORNBACH Group's **selling and store expenses** grew by 2.1% to € 1,609.7 million (2023/24: € 1,576.3 million). This development resulted from the following changes in cost items: Due to inflation-related pay rises, also reflected in new collective pay agreements, store personnel expenses (including bonuses) increased by 5.7%. Operating expenses showed a slight increase of 2.6%, with this mainly being due to a lower volume of write-ups compared with the previous year and higher maintenance expenses. Advertising expenses showed a slight rise of 1.6%. Chiefly as a result of a lower volume of IAS 36 impairments compared with the previous year, total depreciation and amortization fell by 9.2%. Overall, the non-operating earnings items recognized in selling and store expenses amounted to € -17.2 million (2023/24: € -30.3 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 25.6% to 26.0%.

Pre-opening expenses relating to new store openings increased to € 8.5 million in the 2024/25 financial year (2023/24: € 6.1 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 € 315.0 million (2023/24: € 297.4 million), resulting in an administration expense ratio of 5.1% (2023/24: 4.8%). This increase was driven in particular by inflation-related pay rises and the implementation of projects, including the conversion to SAP S/4 Hana.

3.2.3 Other income and expenses

Other income and expenses amounted to € 25.4 million in the year under report (2023/24: € 21.0 million). They include other income of € 41.1 million and other expenses of € 25.4 million. Further details on other income and expenses can be found in Note 6 of the Notes to the Consolidated Financial Statements.

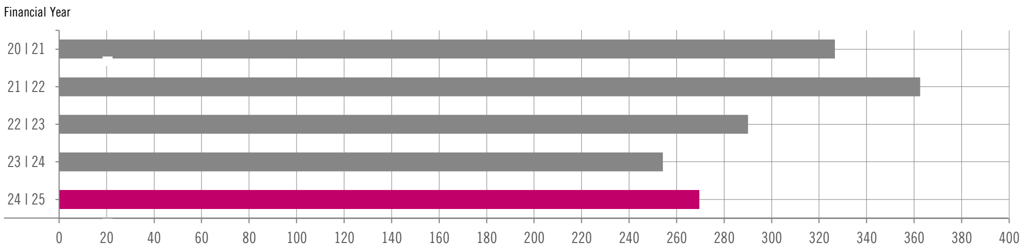
3.2.4 EBITDA, adjusted EBIT, and EBIT

€ 269.5m
adjusted EBIT in 2024/25 financial year

Due to the slight growth in sales and the improvement in the gross margin, the HORNBACH Group's key operating earnings figures for the 2024/25 financial year were ahead of the previous year's comparative figures. Consolidated operating earnings adjusted to exclude non-operating one-off items (**adjusted EBIT**) grew by 6.0% to € 269.5 million (2023/24: € 254.2 million). The adjusted EBIT margin stood at 4.3% (2023/24: 4.1%). **EBIT** including non-operating earnings items increased by 11.9% to € 252.7 million (2023/24: € 225.8 million), producing an EBIT margin of 4.1% (2023/24: 3.7%). Earnings before interest, taxes, depreciation, amortization, and write-ups (**EBITDA**) rose by 3.4% to € 489.8 million (2023/24: € 473.8 million), corresponding to an EBITDA margin of 7.9% (2023/24: 7.7%).

Non-operating earnings items, which chiefly relate to IAS 36 write-downs and write-ups and are predominantly reported under selling and store expenses, decreased overall from € -28.4 million to € -16.8 million in the 2024/25 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 by segment:

2024/25 in € million 2023/24 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)	**220.2**	**3.0**	**64.7**	**(6.4)**	**(28.8)**	**252.7**
	160.0	3.7	63.3	(6.4)	5.2	225.8
Non-operating earnings items	13.5	0.1	(0.7)	0.0	4.0	16.8
	52.4	1.0	0.0	0.0	(25.0)	28.4
Adjusted EBIT	**233.7**	**3.1**	**63.9**	**(6.4)**	**(24.8)**	**269.5**
	212.4	4.7	63.3	(6.4)	(19.8)	254.2

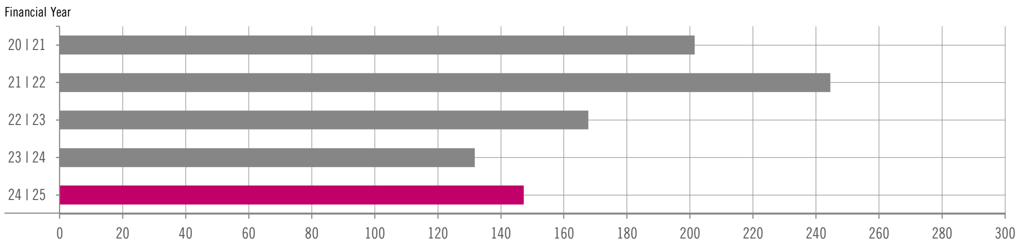
(Differences due to rounding up or down to nearest € million)

3.2.5 Net financial expenses, EBT, and consolidated net income

Net financial expenses amounted to € -44.7 million in the 2024/25 financial year (2023/24: € -46.4 million). The net interest expenses included in this line item amounted to € -45.9 million (2023/24: € -46.0 million). Furthermore, these expenses include positive currency items, including income from forward exchange transactions, of € 1.3 million (2023/24: negative effects of € 0.5 million). Consolidated earnings before taxes (**EBT**) rose by 16.0% to € 208.0 million (2023/24: € 179.3 million).

Taxes on income came to € 60.8 million (2023/24: € 47.6 million). Mainly due to the derecognition of deferred tax assets on loss carryovers, the effective tax rate on Group level increased from 26.6% to 29.2%. **Consolidated net income** including minority interests grew by 11.8% to € 147.2 million (2023/24: € 131.7 million). The Group-wide return on sales therefore stood at 2.4% (2023/24: 2.1%). Earnings per share are reported at € 8.80 (2023/24: € 7.83).

Consolidated net income before minority interests
(€ million)



3.3 Earnings performance by segment

3.3.1 HORNBACH Baumarkt AG Subgroup

€ 233.7 m
adjusted EBIT at HORNBACH Baumarkt AG Subgroup

The HORNBACH Group's earnings performance is 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, rose by 10.0% to € 233.7 million (2023/24: € 212.4 million). On Subgroup level, the adjusted EBIT margin therefore amounted to 4.0% (2023/24: 3.7%).

Overall, non-operating earnings items at the HORNBACH Baumarkt AG Subgroup, which mainly result from write-downs and write-ups pursuant to IAS 36 (Impairments) and are mostly recognized under selling and store expenses, amounted to € -13.5 million in the 2024/25 year under report (2023/24: € -52.4 million). Consolidated operating earnings (**EBIT**) including unscheduled non-operating earnings items increased by 37.6% to € 220.2 million (2023/24: € 160.0 million). The EBIT margin amounted to 3.8% (2023/24: 2.8%).

Earnings before taxes at the Subgroup rose by 61.6% to € 162.7 million (2023/24: € 100.7 million). **Consolidated net income at the Subgroup** grew by 54.8% to € 115.3 million (2023/24: € 74.5 million). Earnings per Baumarkt share are reported at € 3.63 (2023/24: € 2.34).

The reporting segments within the HORNBACH Baumarkt AG Subgroup performed as follows in the 2024/25 financial year:

- Consistent with the performance of the Subgroup, key operating earnings figures in the **Retail segment** improved significantly compared with the previous year. Segment adjusted EBIT increased by 16.3% to € 120.8 million (2023/24: € 103.8 million). This resulted in an adjusted EBIT margin of 2.1% (2023/24: 1.8%). The segment reported non-operating charges on earnings of € 0.3 million, which reflected the net total of impairment losses and write-ups (2023/24: charges of € 3.6 million). Operating earnings (EBIT) rose by 20.2% to € 120.5 million (2023/24: € 100.3 million). At € 182.5 million, EBITDA in the 2024/25 financial year was 10.7% higher than the previous year's figure (2023/24: € 164.9 million). This corresponded to an EBITDA margin of 3.1% (2023/24: 2.9%).

- Adjusted EBIT in the **Real Estate segment** rose by 4.8% to € 132.2 million (2023/24: € 126.2 million). Non-operating charges on earnings arose in an amount of € 13.2 million (2023/24: € 48.8 million). These include impairment losses, write-ups, and disposal gains. Segment EBIT rose by 53.9% to € 119.0 million (2023/24: € 77.4 million). Due to a slight increase in interest expenses, net financial expenses deteriorated from € -51.3 million to € -55.4 million. At € 63.6 million, earnings before taxes (EBT) were significantly higher than the previous year's figure (€ 26.0 million). Earnings before interest, taxes, depreciation, amortization, and write-ups (EBITDA) rose by 0.9% to € 311.7 million in the year under report (2023/24: € 308.9 million).

3.3.2 HORNBACH Baustoff Union GmbH Subgroup

At the HORNBACH Baustoff Union GmbH Subgroup, adjusted EBIT fell to € 3.1 million in the 2024/25 financial year (2023/24: € 4.7 million). This was chiefly due to the reduction in sales, which could only be partly offset by the increase in the gross margin and lower expenses. The adjusted EBIT margin amounted to 0.9% (2023/24: 1.2%). The Subgroup reported non-operating earnings items amounting to € -0.1 million in total due to the premature termination of a rental agreement and to impairment losses recognized on goodwill (2023/24: impairment losses of € 1.0 million on real estate and right-of-use assets). Including non-operating earnings items, EBIT fell to € 3.0 million (2023/24: € 3.7 million). EBITDA at the Subgroup amounted to € 13.7 million (2023/24: € 14.7 million).

3.3.3 HORNBACH Immobilien AG Subgroup

Based on higher rental income and positive other income and expenses, adjusted EBIT at the HORNBACH Immobilien AG Subgroup increased to € 63.9 million in the 2024/25 financial year (2023/24: € 63.3 million). Due to disposal gains, non-operating earnings items of € 0.7 million arose in the year under report (2023/24: none). The Subgroup's adjusted EBIT thus amounted to € 64.7 million (2023/24: € 63.3 million). EBITDA fell slightly to € 80.0 million (2023/24: € 80.6 million).

3.4 Earnings performance by geographical regions

Adjusted EBIT in the **Germany** region rose by 28.0% to € 77.6 million in the 2024/25 financial year (2023/24: € 60.6 million). The domestic share of adjusted operating earnings stood at 29% (2023/24: 24%). The adjusted EBIT margin in Germany therefore rose from 1.9% to 2.5%. Non-operating earnings items of € 24.7 million arose in the 204/25 financial year (2023/24: charges of € 11.7 million). As a result, EBIT in the Germany region increased from € 48.9 million to € 52.9 million. At € 199.9 million, EBITDA was ahead of the previous year's figure (€ 181.4 million) and accounted for a 41% share of the Group's EBITDA (2023/24: 38%).

Adjusted EBIT in the **Other European Countries** region declined by 0.9% to € 191.9 million (2023/24: € 193.6 million). The adjusted EBIT margin came to 6.3% (2023/24: 6.5%). The share of adjusted EBIT contributed by the Other European Countries region amounted to 71% (2023/24: 76%). Positive non-operating earnings items of € 7.8 million were reported (2023/24: charges of € 16.7 million). EBIT generated outside Germany therefore rose to € 199.8 million (2023/24: € 176.9 million). At € 289.9 million, EBITDA fell slightly short of the previous year's figure (€ 292.5 million) and corresponded to a 59% share of the Group's EBITDA (2023/24: 62%).

3.5 Dividend proposal

€ 2.40
dividend proposal for 2024/25 financial year

The General Partner and the Supervisory Board of HORNBACH Holding AG & Co. KGaA will propose a dividend of € 2.40 per no-par bearer share with dividend entitlement in the KGaA (2023/24: € 2.40) for approval by the Annual General Meeting planned to be held on July 11, 2025.

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 2024/25 financial year HORNBACH Baumarkt AG drew on a reverse factoring program on a scale of € 99.5 million (2023/24. € 149.1 million).

4.2 Financial debt

The HORNBACH Holding AG & Co. KGaA Group had financial debt of € 1,594.2 million at the balance sheet date on February 28, 2025 (2023/24: € 1,572.8 million). Net financial debt rose from € 1,202.5 million to € 1,277.0 million. Cash and cash equivalents decreased from € 370.3 million in the previous year to € 317.2 million in the year under report. The current financial debt (up to 1 year) of € 292.8 million (2023/24: € 190.9 million) comprises the portion of loans maturing in the short term, at € 134.9 million (2023/24: € 26.9 million), current lease liabilities of € 101.7 million (2023/24: € 100.5 million), current account overdrafts and short-term time loans of € 50.0 million (2023/24: € 57.5 million), interest deferrals of € 5.5 million (2023/24: € 5.8 million), and the measurement of derivative financial instruments, at € 0.8 million (2023/24: € 0.3 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						2.28.2025	2.29.2024
€ 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]	55.4						55.4	63.3
Mortgage loans	17.9	17.8	17.1	16.6	14.5	53.2	137.1	156.7
Other loans[2] [3]	117.0	0.0	49.9	0.0	49.9	0.0	216.8	216.7
Bonds[3]		249.2					249.2	248.7
Negative fair values of derivative financial instruments	0.8						0.8	0.3
Lease liabilities	101.7	102.2	104.1	107.9	107.8	411.2	934.9	887.2
Total financial debt	**292.8**	**369.3**	**171.1**	**124.5**	**172.2**	**464.4**	**1,594.2**	**1,572.8**
Cash and cash equivalents							317.2	370.3
Net financial debt							**1,277.0**	**1,202.5**

(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 28, 2025, 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.

4.2.1 Credit lines

At the balance sheet date on February 28, 2025, the HORNBACH Holding AG & Co. KGaA Group had credit lines amounting to a total of € 588.7 million (2023/24: € 590.7 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, 2029. Unutilized credit lines amount to € 525.4 million (2023/24: € 520.5 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.

€ 525 m
free credit lines

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		2.28.2025	2.29.2024
Net financial debt	Current and non-current financial debt less cash and cash equivalents	€ million	1,277.0	1,202.5
Leverage	Net financial debt / EBITDA		2.6	2.5
Interest cover	EBITDA [1] / Gross interest expense		8.9	8.6
Free Cash Flow	Cash flow from operating activities less cash flow from investing activities less dividends paid	€ million	108.2	231.9

(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 € 317.2 million at the balance sheet date (2023/24: € 370.3 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.

4.4 Cash flow statement and capital expenditure

Capital expenditure at the HORNBACH Holding AG & Co. KGaA Group totaled € 183.7 million in the 2024/25 financial year (2023/24: € 192.6 million, of which € 22.1 million for the acquisition of shareholdings). The funds required for cash-effective capital expenditure were fully covered in the year under report by the cash flow of € 318.4 million from operating activities (2023/24: € 454.9 million). Around 59% of total capital expenditure was channeled into new real estate, including properties under construction, while around 42% was mainly invested in replacing and expanding plant and office equipment and software. A retrospective purchase price repayment in connection with the acquisition of Seniovo led to an inflow of € 0.1 million, corresponding to -0.1% of total capital expenditure.

€ 184 m
capital expenditure

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, and in plant and office equipment.

Cash flow statement (abridged) € million	2024/25	2023/24
Cash flow from operating activities	318.4	454.9
of which: funds from operations[1)]	384.2	360.7
of which: change in working capital[2)]	(65.8)	94.2
Cash flow from investing activities	(170.3)	(182.3)
Cash flow from financing activities	(199.4)	(331.8)
Cash-effective change in cash and cash equivalents	**(51.2)**	**(59.3)**

(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 fell from € 454.9 million in the previous year to € 318.4 million in the 2024/25 financial year. Funds from operations rose to € 384.2 million (2023/24: € 360.7 million). This increase was due above all to the improvement in gross profit, which more than offset the higher selling, store, and administration expenses. The change in working capital resulted in an outflow of funds of € 65.8 million (2023/24: inflow of € 94.2 million). This mainly resulted from an increase in inventories by € 70.4 million with a simultaneous scaling back of the reverse factoring program by € 49.6 million.

The outflow of funds for investing activities fell from € 182.3 million to € 170.3 million. Cash-effective investments in non-current assets including shareholdings decreased to € 183.7 million (2023/24: € 192.6 million). The proceeds from disposals of non-current assets and of non-current assets held for sale fell to € 7.0 million (2023/24: € 10.3 million). Incoming payments of € 6.6 million were received from public investment grants in the period under report (2023/24: € 0.0 million). Furthermore, € 0.1 million was reclassified to financial assets with terms of more than three months (2023/24: € 0.0 million).

The outflow of funds from financing activities totaled € 199.4 million in the 2024/25 financial year compared with an outflow of € 331.8 million in the previous year. Here, scheduled loan repayments of € 32.8 million (2023/24: € 238.6 million) were countered by new loans of € 8.0 million in (2023/24: € 77.3 million). Repayments of lease liabilities led to outflows of € 107.9 million (2023/24: € 106.7 million). Dividends paid to shareholders decreased slightly to € 39.9 million (2023/24: € 40.6 million).). Furthermore, shares of € 26.7 million were acquired in HORNBACH Baumarkt AG (2023/24: € 23.1 million).

BB+
rating of HORNBACH Baumarkt AG Group

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 update, published on November 20, 2024, Standard & Poor's confirmed the BB+ rating for the HORNBACH Baumarkt AG Group. Due to the positive development in earnings, the outlook was amended from negative to stable on July 10, 2024 already and subsequently confirmed in the update in November 2024.

HORNBACH Holding AG & Co. KGaA obtained a rating from Scope Rating, the leading European rating agency, for the first time in the 2024/25 financial year. In the rating published on January 20, 2025, the HORNBACH Holding AG & Co. KGaA Group was provided with a BBB- investment grade issuer rating with a stable outlook.

5. Asset Position

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

€ million	2.28.2025	29.2.2024	Change
Non-current assets	2,834.3	2,718.5	4.3%
Current assets	1,779.9	1,758.6	1.2%
Assets	**4,614.2**	**4,477.1**	**3.1%**
Shareholders' equity	2,033.5	1,948.1	4.4%
Non-current liabilities	1,396.8	1,468.4	(4.9)%
Current liabilities	1,183.9	1,060.6	11.6%
Equity and liabilities	**4,614.2**	**4,477.1**	**3.1%**

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

The Group's total assets rose year-on-year by 3.1%, or € 137.1 million, to € 4,614.2 million (2023/24: € 4,477.1 million). The equity of the Group as stated in the balance sheet amounted to € 2,033.5 million at the end of the 2024/25 financial year (2023/24: € 1,948.1 million). The equity ratio rose to 44.1% (2023/24: 43.5%).

5.1 Non-current and current assets

Non-current assets, which account for around 61% (2023/24: 61%) of total assets, amounted to € 2,834.3 million at the balance sheet date (2023/24: € 2,718.5 million). They mainly comprise property, plant and equipment and investment property of € 1,911.4 million (2023/24: € 1,856.2 million), and right-of-use assets for leased properties of € 794.7 million (2023/24: € 757.4 million). There were additions of € 155.7 million (including reclassifications) to right-of-use assets for leased properties (2023/24: € 72.8 million), additions of € 165.9 million (including reclassifications to non-current assets held for sale) to property, plant and equipment (2023/24: € 145.5 million), and write-ups of € 13.5 million (2023/24: € 24.6 million). These were countered by depreciation of € 242.4 million (2023/24: € 266.3 million) and disposals of assets of € 5.4 million (2023/24: € 13.8 million). Adjustments to account for exchange rate movements led to an increase of € 7.5 million in property, plant and equipment, right-of-use assets, and investment property (2023/24: € -0.4 million).

The other non-current receivables and assets of € 9.0 million (2023/24: € 8.0 million) mainly involve non-current lease receivables and the deferral of credit line expenses. Furthermore, the Group has deferred tax claims of € 53.4 million (2023/24: € 40.7 million). This increase chiefly resulted from adjustments made to temporary measurement differences for finance leases, intangible assets, and property, plant and equipment.

Current assets amounted to € 1,779.9 million (2023/24: € 1,758.6 million), or around 39% of total assets (2023/24: 39%). Inventories increased from € 1,195.7 million to € 1,266.1 million. The inventory turnover rate stood at 3.5 (2023/24: 3.3). Liquid funds fell by € 53.0 million to € 317.2 million in the year under report (2023/24: € 370.3 million). At € 166.1 million, current receivables, contract assets, and other assets were approximately at the previous year's level (2023/24: € 164.9 million). Current income tax receivables rose from € 27.5 million to € 29.9 million in the year under report.

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

Key figure	Definition		2.28.2025	2.29.2024
Equity ratio	Equity / Total assets	%	44.1	43.5
Return on equity	Annual net income before minority interests / Average equity	%	7.4	6.8
Return on total capital	NOPAT[1]/ Average total capital[2]	%	5.5	4.9
Debt / equity ratio (gearing)	Net debt / Equity	%	62.8	61.7
Additions to non-current assets, including advance payments for land	Additions to non-current assets, including advance payments for land	€ million	339.6	256.3
Net working capital	Current assets[3] less trade payables and similar liabilities[4]	€ million	866.6	794.2
Inventory turnover rate	Cost of goods sold / Average inventories		3.5	3.3

[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 € 2,580.7 million at the balance sheet date (2023/24: € 2,529.0 million). At € 1,396.8 million, non-current liabilities fell short of the previous year's figure (€ 1,468.4 million). They include non-current financial debt to banks and bond liabilities, which decreased from € 595.2 million to € 468.2 million in the year under report due to reclassification to current financial debt, as well as non-current IFRS 16 lease liabilities of € 833.2 million (2023/24: € 786.7 million). Provisions for pensions stood at € 7.9 million (2023/24: € 5.3 million). The deferred tax liabilities included in non-current liabilities amounted to € 35.4 million (2023/24: € 26.0 million).

Current liabilities increased to € 1,183.9 million (2023/24: € 1,060.6 million). Due to items maturing in the current financial year, current financial debt rose to € 191.1 million (2023/24: € 90.4 million). Current lease liabilities pursuant to IFRS 16 came to € 101.7 million (2023/24: € 100.5 million). At € 707.2 million, trade payables, liabilities for the reverse factoring program, contract liabilities, and other liabilities were at the same level as in the previous year (€ 708.8 million). Current tax debt rose to € 37.3 million (2023/24: € 29.4 million). Other provisions and deferred liabilities stood at € 146.6 million (2023/24: € 131.4 million).

The net debt of the HORNBACH Holding AG & Co. KGaA Group, i.e. financial debt less liquid funds, rose slightly from € 1,202.5 million to € 1,277.0 million. Excluding lease liabilities, net debt increased from € 315.4 million to € 342.1 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 2024/25 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 held 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.

Group Management Report
Business Report
Macroeconomic and Sector-Specific Framework

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

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 2024/25 reporting period are presented in detail in the Group Management Report.

6.3 Earnings, financial, and asset position

6.3.1 Earnings performance

The sales of € 2,054k (2023/24: € 1,766k) mainly result from the charging on of material and personnel expenses to affiliated companies.
At € 2.0 million, personnel expenses were higher in the 2024/25 financial year than in the previous year (€ 1.7 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 € 5.8 million (2023/24: € 5.6 million).

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

€ 000s	2024/25	2023/24
Sales	2,054	1,766
Other operating income	366	114
Cost of services rendered	1,031	867
Gross profit	**1,389**	**1,013**
Personnel expenses	2,007	1,723
Depreciation	30	25
Other operating expenses	5,764	5,643
Income from investments	80,380	76,765
Interest result	(2,930)	(1,726)
Taxes	10,045	9,945
Earnings after taxes	**60,993**	**58,716**
Other taxes	1	19
Annual net surplus	**60,992**	**58,697**
Profit carried forward from previous year	34,726	14,406
Net profit	**95,718**	**73,103**

Due to the higher volume of profit transferred and dividends received from subsidiaries, income from investments rose to a total of € 80.4 million (2023/24: € 76.8 million). The income from the profit transferred from HORNBACH Immobilien AG increased to € 52.8 million (2023/24: € 49.9 million), while the income of € 27.6 million from the investment in HORNBACH Baumarkt AG was slightly higher than in the previous year (€ 26.8 million). The interest result deteriorated to € -2.9 million (2023/24: € -1.7 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 € 10.0 million in the 2024/25 financial year (2023/24: € 9.9 million). At € 61.0 million, the annual net surplus at HORNBACH Holding AG & Co. KGaA was higher than the previous year's figure (€ 58.7 million).

6.3.2 Asset position

Total assets amounted to € 605.9 million as of February 28, 2025 (2023/24: € 589.4 million). The increase in non-current assets from € 511.8 million to € 537.3 million was mainly due to the increase in the shares held in HORNBACH Baumarkt AG. As a result, investments in associates rose from € 447.8 million to € 474.5 million. The increase in receivables and other assets from € 60.0 million to € 65.6 million was mainly due to the higher volume of profit transferred, which was offset against a lower volume of liabilities from short-term Group financing than in the previous year.

Shareholders' equity at HORNBACH Holding AG & Co. KGaA grew from € 405.5 million to € 428.6 million at the balance sheet date on February 28, 2025. Provisions fell from € 27.6 million to € 27.2 million. The tax provisions of € 25.4 million included therein (2023/24: € 25.9 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 € 149.7 million (2023/24: € 156.2 million).

The company held a total of 3,249 treasury stocks at the balance sheet date on February 28, 2025 (see 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	2.28.2025 € 000s	2.29.2024 € 000s
Non-current assets	**537,281**	**511,766**
Receivables and other assets	65,617	60,046
Cash holdings and credit balances at banks	1,193	15,756
Current assets	**66,810**	**75,802**
Deferred tax assets	1,773	1,795
Total assets	**605,864**	**589,363**
Equity and liabilities	2.28.2025 € 000s	2.29.2024 € 000s
Shareholders' equity	428,618	405,496
Provisions	27,212	27,559
Liabilities	149,733	156,241
Deferred tax liabilities	301	67
Total equity and liabilities	**605,864**	**589,363**

6.3.3 Financial position

Group Management Report
Business Report
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 € 1.2 million (2023/24: € 15.8 million).

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 satisfactorily in the 2024/25 financial year. At € 61.0 million, the annual net surplus was slightly higher than the previous year's figure of € 58.7 million. At 70.7% at the balance sheet date (2023/24: 68.8%), the equity ratio remained at a very high level.

6.5 Proposed appropriation of net profit

HORNBACH Holding AG & Co. KGaA concluded the 2024/25 financial year with net profit of € 95,717,847.96. 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 15,996,751 ordinary shares
- Dividend distribution: € 38,392,202.40
- Balance carried forward: € 57,325,645.56.

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 Subgroups can be expected to impact accordingly on the level of income from investments. We expect the annual net surplus for the 2025/26 financial year to be at approximately the same level as in the 2024/25 financial year (€ 61.0 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 continually 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 owners 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 owners are supported by a central risk controller responsible for coordinating risk management processes.

The Group has a cross-departmental Risk Board to facilitate the exchange of information between risk owners. 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. The findings of this body are factored into reporting.

Company risk assessment categories in ascending order

Probability of occurrence		Potential impact on earnings (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 by assessing their probability of occurrence and their potential level of damage, i.e. the potential impact on earnings. 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 backups.

As an integral component of the internal control system, the Group Internal Audit Department regularly audits the effectiveness of the internal control system and risk management 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 assertion on 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.

The information in this section has not been verified by the auditor.

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 impact on earnings
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 assessment of the risks is unchanged compared with the previous year.

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 (4.2.2 Covenants) of the Business Report. The covenants are monitored on an ongoing basis. All covenants were complied with at all times during the 2024/25 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 largely covered by 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 euros and US dollars) could have a direct negative impact on earnings. Open foreign currency positions in US dollars 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 euros, which mainly relate to intragroup deliveries and services invoiced in euro and intragroup euro loans, are not hedged.

2.3 External risks

2.3.1 Macroeconomic and sector-specific risk

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 impairments of 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 these 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 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.

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 2024/25 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), 74% of housing construction volumes in Germany, which totaled € 309 billion in 2024, involved construction work on existing buildings. For 2025, the DIW expects to see a slight increase in housing construction volumes, which will continue to be driven above all by work on existing buildings. The DIW expects new construction volumes only to recover in 2026.

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

Consumers now attach greater importance to their own four walls and most companies still enable their staff to work from home. Given the ongoing tense economic situation, consumers are more careful with their spending and are also relocating leisure activities to their own homes in some cases.

Online retail with DIY products initially showed especially strong growth during the pandemic in 2020 and 2021. Even since the coronavirus restrictions have been lifted, it has remained firmly established as a distribution channel. 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. HORNBACH's online shop and the HORNBACH app in particular are being permanently developed further and regularly offer new features, such as self-scan functions, product configurators, or the integration of a curated marketplace with supplementary products offered by third-party providers.

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 high 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 major competitive factors for HORNBACH.

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 HORNBACH is increasingly attracting professional customers with its retail format, in its merchandise procurement it 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 prefer to have the necessary work performed by specialists. At all its locations, HORNBACH offers customers the possibility to have projects implemented at fixed prices and assumes the respective warranties. To this end, HORNBACH cooperates with regional trade firms which implement customer projects based on contracts they conclude with HORNBACH. The further rollout of the service offering for barrier-free bathroom conversions through Seniovo, a startup acquired last year, offers additional opportunities. This offering is characterized by the targeted addressing of relevant customer groups, high efficiency through serial renovation, and a high degree of digitalization in project management.

4. Digitalization: ICR and Efficient Processes

The HORNBACH Baumarkt AG 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. In particular, the company is promoting the deployment of artificial intelligence (AI) to improve process control and identify sales opportunities by analyzing products and services.

HORNBACH has equipped all sales staff at its 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 and self-scanning function serve the same purpose.

Administration functions are also benefiting from the advancing automation of processes and use of AI. Furthermore, HORNBACH has begun work on establishing an IT hub and shared-service center in Romania, which is intended to boost Group-wide technology and finance capacities.

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. In view of this, the Board of Management regularly evaluates the company’s expansion within its existing business regions and beyond. Furthermore, the internationalization of group procurement provides HORNBACH with broad access to global procurement markets and enables it to build strategic, long-term partnerships with suppliers and industry. The proximity of suppliers working on behalf of HORNBACH to procurement structures in individual countries means that the product selection can be optimally adapted to regional requirements and margin improvements achieved due to benefits of scale.

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 consumer behavior and our seasonal business, even though this factor cannot be accounted for in our advanced planning. Furthermore, economic and geopolitical crises may significantly impact our company's business performance. At the beginning of the 2025/26 financial year, the erratic trade policy on the part of the USA in particular triggered fears of a global recession and led to disruptions on financial markets and in global supply chains.

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 1.3% in the 2025 calendar year (2024: 1.0%) and inflation to ease slightly to 2.3% (2024: Eurostat: 2.6%). The institutes assume that the European Central Bank will already make a further cut to interest rates by the summer. Given the higher spending framework for infrastructure and defense agreed in Germany and the simultaneous announcement of the defense program on European level, confidence levels in the euro area have now improved. In the short term, however, these measures will likely have only a minor impact on the real economy, as time will be needed to plan and implement projects and the relevant capacities first have to be put in place. Due to higher tariffs and increased uncertainty, however, the trade policy adopted by the new US government is having an adverse impact on the European economy.

For the European construction sector, ING Bank assumes that the worst is now over and expects to see a slight rise in output volumes (+0.5%) in the 2025 calendar year. The renovation sector (including energy efficiency measures) is expected to benefit from a structural rise in demand.

1.2 Business framework in Germany

The economic research institutes do not expect Germany to see any significant recovery in the 2025 financial year and have forecast growth of just 0.1% in the country’s gross domestic product (2024: -0.2%). In the event of widespread US tariffs being imposed on European goods, Germany would be severely affected due to its high share of exports to the USA. Should the spending program adopted by the government lead to a rise in mortgage rates, this could delay the recovery in housebuilding investments. In addition, further price rises are expected in the construction sector due to the shortage of specialist staff. Private consumer spending is expected to remain weak in the 2025 calendar year. The economic research institutes expect real-term disposable incomes to rise far less significantly than in 2024, as well as an ongoing high propensity to save, and growing unemployment.

The BHB, Germany’s 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, even if the economic situation might lead larger-scale renovation projects to be further postponed. On the other hand, the DIY sector might benefit from shortages of capacities and price increases among trade firms.

2. Forecast Business Performance in 2025/26

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. A total of four new locations are planned for the 2025/26 financial year. One DIY store and garden center in Duisburg (Germany) was already opened in March 2025. Further new store openings are scheduled for Eisenstadt (Austria), Bucharest (Romania), and Timisoara (Romania). Outflows for capital expenditure (CapEx) at the HORNBACH Group in the 2025/26 financial year are expected to exceed the level reported for the 2024/25 financial year (€ 183.7 million). The predominant 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 2025/26 financial year are expected to match or slightly exceed the figure for the 2024/25 financial year (€ 6,200 million). The locations newly opened in February and March 2025 should make a positive contribution to the Group's sales growth, as should those scheduled to be opened in the further course of the year. Moreover, online retail is expected to show further growth in the current financial year. Having said that, great uncertainties still surround macroeconomic developments and the consumer climate, factors which also depend on political decisions to be taken in Germany and Europe.

2.3 Earnings performance

The HORNBACH Group aims to generate adjusted EBIT at around the level reported for the 2024/25 financial year (€ 269.5 million). The gross margin is expected to remain stable at the level achieved in the 2024/25 financial year. Despite continued cost discipline, slight cost increases are expected to arise, with these chiefly being due to the amended pay levels agreed in the 2024/25 financial year.

The following company-internal definition applies for qualified comparative forecasts:

- Sales: "at the level of the year under report" = -2% to +2% I "slight" = >+/-2% to +/-6% I "significant" = >+/-6%
- Adjusted EBIT: "at the level of the year under report" = -5% to +5% I "slight" = >+/-5% to +/-12% I "significant" = >+/-12%.

Other Disclosures

1. Disclosures under § 315a and § 289a HGB and Explanatory Report of the General Partner / its 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; restrictions on voting rights

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 3,249 treasury stocks at the balance sheet date on February 28, 2025 (see 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). These treasury stocks do not furnish the company with any rights, i.e. also no voting rights.

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 mit beschränkter Haftung, Annweiler am Trifels, Germany, 37.50%
- Finda Oy, Helsinki, Finland, 12.64% (threshold met on May 4, 2023).

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 had a three-member Board of Management until March 31, 2025. Since April 1, 2025, the Board of Management has comprised two members. The members of the Board of Management 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 Powers of the General Partner to issue and/or buy back shares

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).

Furthermore, the company's share capital is conditionally increased by up to € 4,800,000.00 by issuing up to 1,600,000 new individual bearer shares. This conditional capital increase serves to grant shares to the bearers or creditors of convertible and/or warrant bonds issued or to be issued up to and including July 6, 2028 by the company or a domestic or foreign company in which the company directly or indirectly holds a majority of the shares and capital on the basis of the authorization granted by resolution of the Annual General Meeting on July 7, 2023.

By resolution of the Annual General Meeting on July 5, 2024, the company was further authorized through to the expiry of July 4, 2026 to acquire treasury stocks in a volume of up to a total of 10% of share capital or, if such amount is lower, of the share capital at the time at which the authorization is exercised for every purpose permitted by § 71 (1) No. 8 AktG in accordance with statutory limitations and the conditions stipulated in the resolution. The General Partner was authorized to use the treasury stocks thereby acquired in accordance with the resolution for all purposes permitted by law and also to purchase the treasury stock using derivatives.

1.5 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 (https://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 2024/25 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."

Group Sustainability Statement

1. ESRS 2 General Disclosures

1.1 About this Sustainability Statement

HORNBACH Holding AG & Co. KGaA has prepared this consolidated Group Sustainability Statement for the 2024/25 financial year (March 1, 2024 to February 28, 2025) for the first time in full compliance with the European Sustainability Reporting Standards (ESRS) of the European Financial Reporting Advisory Group (EFRAG). No further frameworks or standards on sustainability reporting were used. This Sustainability Statement contains all disclosures required by § 315c in conjunction with § 289c - § 289e of the German Commercial Code (HGB).

This Sustainability Statement was reviewed by the Supervisory Board of HORNBACH Holding AG & Co. KGaA. Furthermore, the Supervisory Board issued an audit assignment to Deloitte GmbH Wirtschaftsprüfungsgesellschaft. Deloitte GmbH Wirtschaftsprüfungsgesellschaft subjected the contents of this Sustainability Statement to a limited assurance audit. The disclosures on “Customer satisfaction”, “Sustainability labeling in the product range”, “Diversity”, “Employee satisfaction” and “Reduction in CO_2e emissions in Scopes 1 and 2”, which are marked with the symbol [√] and are relevant for the multiyear variable remuneration (MVR) of the Boards of Management of HORNBACH Management AG and HORNBACH Baumarkt AG, were subject to a reasonable assurance audit. Deloitte GmbH Wirtschaftsprüfungsgesellschaft has also been commissioned to audit the consolidated financial statements including the Combined management report. This Sustainability Statement includes the following references to other chapters in the Combined Management Report:

ESRS disclosure requirement or data point	Reference
Strategy, business model, and value chain (SBM-1): Data points SBM-1.40a 1,2, SBM-1.42a-c, SBM-1.AR-14a,b	Management Report “Group Fundamentals”

References to information outside the Combined Management Report or the Consolidated Financial Statements are additional information that goes beyond the legal requirements for sustainability reporting and is therefore unaudited. Disclosures on previous years have generally been waived, with the exception of company-internal ESG metrics relevant to remuneration, which already formed part of reporting in previous years, and of the climate balance sheet and reporting on the EU Taxonomy. Where percentage variances refer to a base year, the metrics for the base year are additionally stated (e.g. climate accounting). No adjustments have been made to these metrics. No use has been made of the option of exempting confidential information on intellectual property, know-how, innovations, or forthcoming developments. The transition regulations listed in ESRS 1 Annex C have been drawn on to the extent that they are applicable to HORNBACH. Voluntary data points have not been reported.

The Group Sustainability Statement includes all subsidiaries fully consolidated in accordance with IFRS 10 (see Notes to Consolidated Financial Statements “Scope of consolidation”). There were no joint ventures or subsidiaries accounted for using the equity method as of the balance sheet date. As required by the ESRS, the Sustainability Statement also includes the upstream and downstream value chains as far as possible and to the extent that material impacts, risks, and opportunities were identified here and/or policies, actions, or targets are applicable. As a retail company, HORNBACH nevertheless has business relationships with a very large number of suppliers, as a result of which the value chain information is not always available in full.

Prospective disclosures are chiefly based on the following time horizons consistent with ESRS 1 Section 6.4:

- Short-term: up to 1 year
- Medium-term: between 1 and 5 years
- Long-term: more than 5 years.

In addition, the climate risk assessment also considers the periods until 2030 and until 2050.

In calculating its proprietary quantitative disclosures in the context of climate accounting, HORNBACH also refers to projections, estimates, and assumptions in cases where no real data are available. To calculate emissions in own operations (Scopes 1 and 2), the real energy and fuel consumption figures are recorded for the first ten months of the financial year (March to December) and extrapolated for the remaining two months (January and February). For stationary consumption points and vehicles for which no actual consumption figures could be determined, the data were estimated by reference to a comparable location or a comparable vehicle. Alternatively, cost-based consumption was calculated.

Emissions in the upstream and downstream value chains are calculated on the basis of activity data, sales and/or costs, and weighting data. In some cases, data are projected if they are not available for the full financial year or otherwise incomplete. For this reason, it is currently not possible to make any binding statement as to the exactness of these data for the upstream and downstream value chains. To improve the exactness of the Scope 3 calculation, work is on the one hand currently underway on Group-internal solutions. On the other hand, HORNBACH is participating in a sector initiative of the DIY retail association EDRA/GHIN to define uniform standards and processes for calculating emissions and collecting data for Scope 3 categories relating to the product range within the sector (see "Actions" section of the "E1 Climate change" chapter).

The Group's waste volume metrics have been projected based on sales where no real data is available. Given the planned implementation of the recycling portal at further country companies, the data quality will improve in future.

Further disclosures on the calculation of emissions metrics have been presented in the context of the individual metric in the "ESRS E1 Climate change" chapter.

In the following Sustainability Statement, the terms "HORNBACH" and "Group-wide" are synonymous for the whole HORNBACH Group. Diverging from this, explicit reference is made if policies, actions, or targets are only pursued on the level of one of the HORNBACH Baumarkt or HORNBACH Baustoff Union Subgroups.

1.2 Strategy, business model, and value chain

HORNBACH's strategy, business model, and value chain have been presented in the "Group fundamentals" chapter in the Combined Management Report. The key focus of business activities involves do-it-yourself (DIY) retail with DIY stores and garden centers (HORNBACH Baumarkt segment; 94% of consolidated sales) and the builders' merchant trade (HORNBACH Baustoff Union segment; 6% of consolidated sales). The HORNBACH Group's activities are therefore within the ESRS sector "Sales and Trade". Material sales also result within the Group from the letting of DIY store properties at the HORNBACH Immobilien AG Subgroup (HORNBACH Immobilien segment) to the HORNBACH Baumarkt AG Subgroup. Segment sales and earnings have been reported in the "Segment reporting" section of the Notes to the Consolidated Financial Statements.

The HORNBACH Group generated a low share of its retail sales (around 1%) in the HORNBACH Baumarkt and HORNBACH Baustoff Union segments in the 2024/25 financial year with the sale of fossil fuels. This involves the sale of gas in bottles (€ 32.4 million), gasoline (petrol) and diesel (€ 25.3 million), lignite briquettes (€ 4.3 million), and heating oil (€ 0.6 million). HORNBACH does not generate any taxonomy-aligned turnover in connection with fossil gas (see "Disclosures pursuant to Article 8 of Regulation (Taxonomy Regulation)" chapter). HORNBACH does not generate any sales in connection with the production of chemicals, controversial weapons, or tobacco products. There are also no products or services which are prohibited in individual countries in which the Group operates. At the balance sheet date on February 28, 2025, the HORNBACH Group employed a total of 25,359 individuals (ESRS definition), of which 13,588 in Germany and 11,771 in other European countries and Hong Kong.

The HORNBACH Group views responsible activities as a prerequisite for its long-term economic success and for the company's future prospects. The Group's sustainability strategy is based on five areas of action:

- The product range should provide customers with the opportunity to consider ecological, health-related, and social aspects when making their purchases and thus facilitate 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, HORNBACH supports its customers in benefiting from products for as long as possible and thus saving resources. These include repair services and spare parts, as well as the professional disposal of products no longer suitable for use.
- HORNBACH makes people the focus of its activities and invests in long-term relationships. It aims 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.
- HORNBACH protects resources in its own 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 itself. When new stores and logistics centers are built, or vehicles and operating materials purchased, sustainability criteria are factored into the respective planning and procurement processes.
- As a company, HORNBACH aims to be a major component of society. Particularly where it is present with its retail, logistics, and administration locations, the company is involved in local or regional projects and initiatives contributing to the common good.

Material challenges pertain with regard to the transformation of complex international supply chains, including the mining/extraction of commodities and manufacturing, which HORNBACH as a retail company can only influence to a very limited extent. Key focuses here are particularly on closer cooperation within the DIY sector to reduce product range-related CO_2 emissions and the development of sustainable, recyclable products and packaging. HORNBACH's Group-wide sustainability targets are presented in the "ESG governance" section. No distinction has been made by individual product groups, services, customer groups, geographical regions, or relationships to stakeholders.

The topics and projects resulting from the areas of action are presented in the "CSR Guidelines", which are valid throughout the Group. Among others, these also include criteria for selecting sustainable articles (all environmental and social topics), measures to reduce CO_2e (climate change, pollution), resource management (circular economy), the human rights strategy of the HORNBACH Group (own workforce and workers in the value chain), and social commitment (affected communities). The following external standards and initiatives are accounted for:

- The Paris Climate Agreement (1.5-degree target)
- The 2030 Agenda of the United Nations (Sustainable Development Goals, SDGs)

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

The CSR department is responsible for updating, further developing, and implementing the CSR Guidelines. In further developing the policy, due account is taken both of the ESG targets defined on Group level and of the operating focuses in departments. The CSR Guidelines are available to all employees on the intranet and is also published on the website of HORNBACH Holding AG & Co. KGaA.

Furthermore, HORNBACH has developed “CSR Standards for Business Partners of the HORNBACH Group” (hereinafter “CSR Standards”). These refer to respect for human rights (workers in the value chain), environmental standards (pollution, water, biodiversity), the use of environmentally-friendly packaging (circular economy), product quality and safety (consumers and end-users), and compliance with legal requirements and stipulated controls (business conduct). In this, due account is taken of the following external standards and initiatives:

- The Universal Declaration of Human Rights
- United Nations Conventions (e.g. Slavery Convention), Guiding Principles on Business and Human Rights (UN Guiding Principles), and Protocols (e.g. Palermo Protocol)
- The Conventions, Protocols, and Recommendations of the International Labour Organization (ILO) on labor and social standards.

Since January 2023, the CSR Standards have been forwarded in line with a risk-based approach to the direct business partners in the upstream value chains of all companies in the HORNBACH Group with the request that these should be signed. For existing suppliers, this process had not been completed at the end of the year under report. For new suppliers, the CSR Standards form part of the contract documents. Users of the HORNBACH Marketplace also receive the CSR Standards. The signing of the CSR Standards is coordinated and centrally documented by the Contract Management department.

Furthermore, the CSR Standards are also available to all HORNBACH Group employees on the intranet. Whenever required by specific developments, the CSR Standards are reviewed to ascertain whether they meet the respective requirements and are up to date, particularly with regard to legal requirements. Moreover, feedback received from direct suppliers is also considered when further developing the CSR Standards. Such reviews are the responsibility of the Compliance (reporting to CFO) and CSR (reporting to CEO) departments.

1.3 Material topics

1.3.1 Materiality assessment

HORNBACH conducted a materiality assessment in accordance with ESRS requirements for the first time in the 2024/25 financial year. This comprised the identification and assessment of impacts, risks, and opportunities (IROs) resulting from the business activities of the HORNBACH Group (see “Group business model” section). The assessment accounts both for those risks and opportunities which could impact on the company’s profitability and for the impact of its business activities on stakeholders, the environment, and society (double materiality).

The double materiality assessment comprises the following steps:
1. Compiling a longlist of topics for HORNBACH
2. Identifying the relevant stakeholders
3. Identifying HORNBACH's impacts, risks, and opportunities along the value chain
4. Assessing the materiality of the impacts, risks, and opportunities
5. Validating the materiality assessment

The topic longlist is based on the mandatory ESRS topics set out in ESRS 1, Annex 1, Appendix A, AR 16 and on the company-specific topics identified in previous years for ESG reporting pursuant to § 315b HGB which could not be allocated to any of the mandatory ESRS topics. Actual and potential impacts, risks and opportunities arising directly and indirectly, within and outside the HORNBACH Group and over the short-term, medium-term, and long-term time horizons were allocated to each of these topics.

The affectedness of stakeholders, including the environment and society, and the resultant impacts, were evaluated by assessing interactions between these stakeholders and the HORNBACH Group, as well as on the basis of studies and media reporting received from the departments responsible in each case (see "Interests and views of stakeholders" section).

As called for by ESRS 1 Paragraphs 3.4 and 3.5, the identification of impacts, risks, and opportunities accounted where possible for the whole value chain. Among other aspects, this includes impacts due to products and services or business relationships, as well as risks and opportunities resulting from dependencies on natural, social, and personnel resources or impacts. These relate above all to reputational risks and risks resulting from compensation and penalty payments. The impacts, risks, and opportunities were identified by way of aggregated consideration, as all fully consolidated subsidiaries of HORNBACH Holding AG & Co. KGaA-have a uniform business model (retail with DIY and home improvement products). There are no individual activities or business relationships which fundamentally involve an increased risk of negative impacts. Given its broad product range and global procurement, HORNBACH nevertheless purchases products and services from a wide variety of sectors and countries, some of which show a higher risk of negative impacts than the company's own operations.

Due to a lack of information about the upstream and downstream value chains, the impacts of business relationships can generally only be assessed on country or sector level or on the basis of the raw materials most commonly included in the product range or of higher-risk contents. As part of the value chain analysis, the product range was reviewed to identify the most common raw materials and their processing stages. Due to the size of the product range, the analysis was based on all article groups with sales of more than € 10 million (basis: 2022/23 financial year) and which aggregately account for around one third of total sales.

The assessment of the impacts, risks, and opportunities was conducted by the HORNBACH departments responsible for the relevant products based on the EFRAG methodology "Double materiality conceptual guidelines for standard setting" (ESRG 1). The materiality thresholds are also consistent with the EFRAG recommendation.

The impacts were assessed by scale and scope (actual impacts) and, if applicable, additionally by remediability (negative impacts) and likelihood of occurrence (potential impacts). In the event of there being several impacts of the same kind, the impacts were assessed separately and included at the highest value thereby determined. The following assessment categories apply:

Scale	Scope	Remediability	Likelihood of occurrence
1 - very low	1 – limited	1 – relatively easy/ short-term	improbable
2 - low	2 - concentrated	2 – with input (time and costs)	rare
3 – medium	3 - medium	3 – difficult or medium-term	occasional
4 – high	4 – widespread	4 – very severe or long-term	possible
5 - very high	5 – global/total	5 – not remediable/ irreversible	frequent

Risks and opportunities were each assessed in terms of their likelihood of occurrence and level of financial effect (gross). In the event of there being several risks or opportunities of the same nature, the level of effects for the combination of the risks or opportunities stated was assessed.

The following assessment categories apply to assess the risks and opportunities. The thresholds for likelihood of occurrence and financial effects were based on the assessment scales used in risk management.

Likelihood of occurrence		Potential effect (in €)	
unlikely to rare	≤ 5 %	very low	≤ 5.0 million
occasional	> 5 % - ≤ 20 %	low	> 5.0 million - ≤ 10.0 million
possible	> 20 % - ≤ 50 %	medium	> 10.0 million - ≤ 50.0 million
frequent	> 50 %	high	> 50.0 million - ≤ 100.0 million
		very high	> 100.0 million

Those ESG risks identified in the double materiality assessment which have a financial effect of € 5 million or more excluding countermeasures (gross analysis) were reported to Group Risk Management and are to be integrated into the risk management process in future. To date, these effects have not been accounted for in the risk management process. No opportunity management process is currently in place.

Based on the dual control principle, the assessment of the IROs was conducted by a representative of the CSR department and by one or several representatives of the respective specialist departments. In a subsequent validation stage, the results of the materiality assessment were reviewed by the internal stakeholder representatives, risk management, and the Board of Management. The CSR additionally reviewed the completeness and consistency of the materiality assessment. All material decisions were documented.

The process used for the double materiality assessment in accordance with ESRS was introduced and implemented for the first time in the year under report. This process will be reviewed in the course of preparing the materiality assessment in the coming year.

Supplementary information to identify impacts, risks, and opportunities related to climate change
To identify and assess the material impacts, risks, and opportunities (IROs) related to climate change adaptation, reference was made to the results of the physical and transitional climate risk assessment, as well as to studies and desktop research. The IROs on the topics of climate change and energy were identified and assessed by reference to the climate balance sheet and additional desktop research.

To ensure that the materiality assessment accounted for all activities and plans that make an actual or potential contribution to greenhouse gas emissions, an analysis of the value chain was performed in advance.

This describes both the upstream and downstream value chains, as well as activities in own operations. The analysis was validated by the climate balance sheet, as this includes all greenhouse gas emissions in the upstream and downstream value chains, as well as in own operations. The actual impacts, risks, and opportunities could be identified and assessed by experts based on the information currently available on damages to buildings, interruptions to the supply chain, or supply difficulties for raw materials or products. To identify and assess the potential impacts, risks, and opportunities, use was made of the results of the physical and transitional climate risk assessments, each of which permitted a forecast to be made for the medium-term and long-term time horizons.

In compiling the physical climate risk assessment, reference was made to the scenarios published by the Intergovernmental Panel on Climate Change (IPCC). Consideration was given to the current status of risks, representative concentration pathway (RCP) 4.5 and RCP 8.5. These concentration pathways were selected on the basis of current scientific findings, according to which the climate is expected to heat up by up to 3° by 2100; this development corresponds to RCP 4.5. To account for the most pessimistic current concentration pathway, additional consideration was given to RCP 8.5, which involves a high concentration of greenhouse gas emissions in the atmosphere and global warming of up to 5°. This enables the largest currently forecastable risk for locations and supply chains to be analyzed in the physical climate risk assessment. The analysis covered all locations which, based on the definition of the operational control approach, form part of HORNBACH's own operations. In addition, HORNBACH's supply chains were also analyzed.

The physical climate risk assessment accounts for the climate risks stated in Regulation (EU) 2021/2139. It should be noted that the research on various risks is at different stages, meaning that some risks can be forecast more precisely than others. In particular, the current status of scientific insights into solid mass-related risks is not yet definitive. For this reason, these risks are accounted for at a higher level of aggregation than other risks. HORNBACH's physical climate risk assessment focused on the climate risks with the most significant impacts for its locations due to their geographical sites. These involve the following risks: river flooding, coastal flooding, severe wind, heat stress, and strong rainfall. The physical climate risk assessment was performed for the short-term, medium-term, and long-term time horizons. The short-term time horizon refers to the status quo, i.e. to the current status of the respective risks. The medium-term time horizon considers the period through to 2030, while the long-term time horizon runs until 2050. The expected lifetimes of the assets are in the medium to long-term time horizons, while HORNBACH's strategic planning horizon and capital allocation plans cover the medium-term period.

The physical climate risk assessment determined a hazard risk value for each location which states how vulnerable the respective location is to individual climate risks and to aggregate climate risks both now and in future. Furthermore, the average annual damages and potential maximum damages resulting from the climate risks investigated were calculated in euros for each location. The hazard risk value ranges on a scale from very low to very high. Classification was based on data sets referring both to historic meteorological data and to forecasts and models, as well on the insurance total for the locations. HORNBACH's value chains were also investigated to determine their exposure to the climate risks stated in Regulation (EU) 2021/2139. This assessment was performed on the level of the most relevant countries of origin for HORNBACH's products and presents the losses for the retail, transport, and warehousing sectors both currently and for 2030 and 2050 for those countries in which HORNBACH operates. This assessment was based on the RCP 8.5 scenario.

The results of the physical climate risk assessment based on the latest status of scientific insights with various scenarios and periods made it possible to ensure that the materiality assessment accounted for those locations that are exposed to high or very high risks. In particular, these include locations which, in the RCP 8.5 scenario, could be affected by coastal or river flooding and, to a lesser extent, by strong rainfall, severe wind, or heat stress. At present, the scale of physical climate risks for supply chains can only be assessed on Tier 1 level, as no information is available for the complete supply chains. The insights of the RCP 8.5 scenario for 2050 from a Tier 1 perspective show the average annual losses in the retail sector due to climate risks in the regions in which HORNBACH operates. These have been accounted for in the materiality assessment.

The transitional climate risk assessment investigated the influence of transition risks on HORNBACH's business activities and assets. This assessment was based on the Shared Socioeconomic Pathways (SSP) issued by the IPCC, and specifically on SSP1-1.9. This is based on the latest scientific findings of the IPCC and forecasts an increase in average global temperatures by up to 1.5° with limited excess of up to 1.8°. The SSP1-1.9 pathway assumes intensified international cooperation to facilitate an orderly transition in the economy towards a low-carbon economy without any significant downturn in gross domestic product. The scenario further assumes that social problems can be limited by local and global cooperation and that technological advances accelerate developments and innovations, as well as favoring the full expansion of renewable energies. The SSP1-1.9 pathway does not account for current developments, such as wars, social inequality, political division, and decreasing cooperation in international trade. This scenario was selected as being appropriate to identify the existing climate-related transitional risks and opportunities for HORNBACH, as the company performs its business activities particularly within Europe. Accordingly, the regulatory requirements associated with the objective of the European Green Deal and the German Climate Protection Act are relevant for HORNBACH. Both the European climate targets and the German Climate Protection act are compatible with the Paris Climate Agreement.

The assessment considered the impact on climate-related transition risks on HORNBACH's business activities and assets over the short-term, medium-term, and long-term time horizons. The short-term time horizon refers to the current reporting year, while the medium-term time horizon is based on a period of up to five years, and the long-term time horizon on a period of more than five years. Based on the SSP1-1.9 pathway, the risks and opportunities arising for HORNBACH due to the transition to a low-carbon economy were analyzed using the PESTEL method. Consideration was given to the categories of politics and law, market, reputation, and technology, which may result in risks and opportunities for HORNBACH during the transition stage. These categories were selected, as they may directly influence HORNBACH's business activities due to legislative requirements, new technologies, price movements for raw materials and products, or changes in customer requirements. To analyze the opportunities and risks, the period in which the respective risk or opportunity arises was determined, as well as the gross likelihood of occurrence and gross financial effect, taking due account of SSP1-1.9. The scales used to determine the likelihood of occurrence and financial effect are consistent with the scales used by HORNBACH's risk management, thus safeguarding the integration of the transitional climate risk assessment into HORNBACH's regular risk management process. The results show transitional risks in the categories of politics, law, and market. These involve the risks resulting from rising carbon prices, the availability of key raw materials and products, and location modernization requirements. Opportunities arise due to changed market preferences. There are no assets at HORNBACH that are not compatible with the transition to a climate-neutral economy. Furthermore, no incompatibility with taxonomy alignment requirements was identified.

The reporting on the EU Taxonomy accounted for the same climate scenarios (RCP 4.5 and RCP 8.5) and results of the physical climate risk assessment as accounted for in the CSRD reporting (see “Disclosures pursuant to Article 8 of Regulation 2020/852 (Taxonomy Regulation” chapter). No climate scenarios are accounted for in financial reporting. Based on the results presented above for the physical and transitional climate risk assessments performed based on current research findings, it was ensured that the risks to assets due to weather events and modernization requirements and to business activities due to rising carbon prices and raw material risks were accounted for in the materiality assessment. In general, medium-term and long-term forecasts always involve uncertainties, as they are based on assumptions and are not able to precisely determine all relevant factors. For these reasons, both the physical and the transitional climate risk assessments will be amended if the status of scientific findings changes significantly. This may produce changes in the assessment of the IROs in the materiality assessment.

Supplementary information on the identification of impacts, risks, and opportunities related to pollution
To identify the material impacts, opportunities, and risks related to pollution, HORNBACH's business activities, locations, product range, and upstream and downstream value chains were analyzed. The identification and assessment of the impacts, risks, and opportunities were based on the investigation performed on the product range with the assistance of expert opinions in the context of the materiality assessment.

As a retail company, HORNBACH does not operate any production locations. In addition, HORNBACH takes care to comply at its sites with all environmental legislation applicable in the EU and on country level and to avoid all kinds of pollution by performing maintenance measures in line with the respective requirements and enforcing suitable company instructions. It is therefore possible to exclude any material pollution of soil, water, or air by the locations. Given HORNBACH's business model, there are potential material negative impacts in the upstream value chain due to commodities extraction and production, the manufacture of goods, and the transport of goods in the upstream and downstream chains. The assumptions underlying pollution-related impacts are taken from studies. As HORNBACH currently does not have any information from business partners, the media, the whistleblower system, or other channels on pollution in the upstream value chain, it was not possible to identify any specific locations affected by pollution.

Given this lack of information from the upstream value chain, it was also not possible to identify or consult with any affected communities.

Supplementary information on the identification of impacts, risks, and opportunities related to water and marine resources
The identification of impacts, risks, and opportunities in the upstream value chain related to water and marine resources (ESRS E3) is based on the investigation of the product range and of material activities in the value chain conducted in connection with the materiality assessment. The IROs were assessed with the assistance of internal expert evaluations.

Particularly relevant in this respect are the use of marine resources to extract raw materials (including crude oil and soils), the use of water in producing goods, upstream products, and components, and the impairment of marine resources due to transport. Given HORNBACH's international procurement and the associated complexity of the upstream chain, it is currently not possible to delineate any specific geographical region, as HORNBACH is dependent in this regard on information from its upstream business partners. Due to the lack of information from the upstream value chain, it was also not possible to identify or consult with any affected communities.

The water risks at HORNBACH's locations were investigated with the assistance of the WWF Water Risk Filter. This analysis accounted both for the current trend ("business as usual"), as well as for positive and negative future scenarios for 2030 and 2050. No material water-related risks were identified. Water and marine resources also do not play any material role in the downstream value chain.

Supplementary information on the identification of impacts, risks, and opportunities related to biodiversity and ecosystems

The identification of material impacts, risks, and opportunities related to biodiversity and ecosystems is based on the analysis of potential impacts at the company's locations and in the upstream and downstream value chains performed in connection with the materiality assessment. The analysis and assessment of the IROs was based in particular on studies, desktop research, and internal expert evaluations.

The analysis of the company's own locations accounted for their respective geographical locations and for the activities performed there (retail, administration, logistics). This process was guided by the LEAP approach and received technical support from the WWF Biodiversity Risk Filter (BRF). The analysis revealed that no HORNBACH locations are currently at or close to biodiversity-sensitive areas. HORNBACH implements statutory compensation measures in the context of its construction projects. Given HORNBACH's international procurement and the associated complexity of the upstream chain, it is currently not possible to delineate any specific geographical regions where impacts on biodiversity may arise as, to analyze the scale of any potential loss of biodiversity, HORNBACH is dependent on information from its upstream business partners. Due to the lack of information from the upstream value chain, it was also not possible to identify or consult with any affected communities.

No dependencies on ecosystem services were identified at the company's own locations. As numerous products within the product range contain wood, however, a potential reduction in the availability of timber was considered as a potential risk in the resilience analysis (see "Biodiversity and ecosystems" chapter, "Resilience analysis for biodiversity" section). No biodiversity-related transitional or systemic risks were identified.

Supplementary information on the identification of impacts, risks, and opportunities related to circular economy

The identification of material impacts, risks, and opportunities related to resource use and circular economy was based on the investigation of the product range and of material activities in the value chain performed in the context of the materiality assessment. The IRO assessment drew on internal expert evaluations. Various studies show that customer awareness of sustainable products is also growing at DIY stores. No further affected communities could be identified in this regard.

As a retail company, HORNBACH does not operate any production locations. The impacts, risks, and opportunities related to resource use therefore result from activities in the upstream value chain. Negative impacts related to waste arise both in the operating retail business within own operations and due to the disposal of products and packaging by end customers in the downstream value chain.

Based on the product range, the following use-related resources were prioritized as material, particularly in upstream production: crude oil, metal, stones, soils / sand, timber, agricultural products, water.

The material negative impacts and risks for HORNBACH all result from remaining in the “business as usual” scenario. They include the negative impacts on resource use due to linear or conventional product design, limited reparability and reusability, insufficient recycling possibilities for the materials used, the use of non-renewable resources, and unnecessary waste due to the use of too much or non-recyclable packaging material. Material risks resulting from remaining in the “business as usual” scenario relate on the one hand to reputation risks due to customer complaints about materials (waste of materials, e.g. packaging, plastics) and on the other hand to limited availability and cost increases for raw materials due to shortages of non-renewable resources or the scarcity of renewable resources (e.g. timber).

Material opportunities related to a functional circular economy would include increased resilience in value chains and securing scare raw materials based on reuse and recycling.

Supplementary information on the identification of impacts, risks, and opportunities related to business conduct

In identifying the IROs related to business conduct, reference was made to internal company information (e.g. compliance incidents, payment targets), the legal framework and corruption indices in the country’s in which the company operates, the structure of the DIY retail sector, and expert evaluations from within the company.

1.3.2 Materiality results

For HORNBACH as a retail company with a very diverse product portfolio and large numbers of suppliers in different sectors (see “Strategy, business model, and value chain”), material IROs arise for all ESRS topics relating either to supply chains for the products offered, the transport of goods, the operation of retail locations and online shops, or to private and commercial customers. As HORNBACH pursues the same business model (retail with DIY and home improvement products) in all the regions in which it operates and maintains business relationships with large numbers of partners, there are no countries, assets, or distribution channels for which there is a particular concentration of IROs.

E1 – Climate change

By using energy from non-renewable sources in its own operations, and above all via the upstream and downstream value chains, HORNBACH contributes to greenhouse gas emissions. In the DIY retail business, material volumes of energy consumption, and thus of associated emissions, result above all from the extraction of commodities and the manufacture of the products sold, the transport of products, and the use and disposal of the products by consumers and end-users. Efficiency measures and savings in own operations have a positive impact. By contrast, the company’s influence on energy use and emissions in the value chain is limited. These are currently not covered by the emission reduction targets.

Topics E1	Material impacts, risks, and opportunities Impacts positive (A+), negative (A-), actual (a), potential (p); Risks (R), and Opportunities (O)	IRO No.[4]	Value chain[2)5)] S	 H	 C	Time horizon[3)5)] s	 m	 l
E1.1: Climate change adaptation	Cost increases due to interruptions to operations and repairs resulting from extreme weather events due to changing climatic conditions at own buildings (R)	E1.1a						
	Increasing company value and boosting confidence of investors and capital providers with solid climate change adaptation planning, securing economic stability and flexible value chains as the climate changes (O)	E1.1b						
	Higher, additional procurement costs due to direct/indirect increases in carbon prices (R)	E1.1c						
	More difficult/expensive procurement of certain materials due to regulations governing achievement of CO_2 reduction targets (R)	E1.1d						
	Modernization requirements at real estate and mobile assets in order to meet Paris climate targets (R)	E1.1e						
	Changed market preferences due to transition to a low-carbon economy (O)	E1.1f						
E1.2: Climate change	Contribution to global warming/climate crisis due to greenhouse gas emissions resulting from product use (A-; a)	E1.2a						
	Contribution to global warming/climate crisis due to greenhouse gas emissions resulting from production of goods (extraction of commodities, incineration processes, and chemical reactions (except transport) (A-; a)	E1.2b						
	Contribution to global warming/climate crisis due to greenhouse gas emissions related to own/company-internal use of energy for heating, data center operations, waste recycling) (A-; a)	E1.2c						
	Contribution to global warming/climate crisis due to greenhouse gas emissions resulting from operation of vehicles and means of transport (ship, rail, aircraft, etc.) (A-; a)	E1.2d						
	Reduction in greenhouse gas emissions due to efficiency measures and savings in own operations (A+; a)	E1.2e						
	New possibilities to extend product range (e.g. with electricity generators, etc.) and extend services offered to save resources, sustainable construction materials, etc. (O)	E1.2f						
E1.3: Energy	High energy use (electricity, heat) and associated burden on environment and natural resources in the manufacture of products/materials (e.g. of metal, glass, or chemical products) and the use of products (electronics appliances) (A-; a)	E1.3a						
	Use of fuels for vehicle fleets and transport based on conventional resources (A-; a)	E1.3b						
	Burden on environment and natural resources due to the use of non-renewable energies in own operations (A-; a)	E1.3c						

1) These topics involve company-specific topics not prescribed by the ESRS
2) Value chain: S=Suppliers, H=HORNBACH, C=Customers
3) s=short-term, m=medium-term, l=long-term
4) Company-internal IRO numeration
5) The colorings indicate the value chain stage at which the IROs are located and the underlying time horizon
(This footnote applies to all tables in this section)

E2 – Pollution

The DIY and home improvement product range offered by HORNBACH includes numerous products whose manufacture in the upstream value chain may contribute to pollution of the soil, water, or air at the production sites or which contain raw materials whose extraction contributes to pollution, such as metals, oil, and gas. Furthermore, pollution also arises when the goods are transported by truck or ship from the production site to the retail location or to the end customer. Microplastics may be present in the products and may also be released during production and transport processes in the value chain. The impacts hereby stated are therefore connected to the business model, but can only be influenced by HORNBACH to a limited extent.

Topics E2	Material impacts, risks, and opportunities Impacts positive (A+), negative (A-), actual (a), potential (p); Risks (R), and Opportunities (O)	IRO No.[4]	Value chain[2) 5)] S	H	C	Time horizon[3)5)] s	m	l
E2.1: Pollution	Pollution due to the extraction of commodities and production processes in the value chain (A-; a)	E2.1a						
	Transport relating to combustion processes (e.g. NOx for diesel engines) (A-; a)	E2.1b						
	Pollution in the event of environmental contamination resulting from inappropriate handling of wastewater and chemicals / from accidents (A-; a)	E2.1c						
E2.2: Substances of concern	Environmental contamination and/or health impacts due to inappropriate storage or handling of substances of concern in the supply chain (A-; a)	E2.2a						
E2.3: Microplastics	Release of microplastics into the environment with potentially severe consequences for biodiversity and natural resources (e.g. due to tire abrasion, microplastics in materials and clothing, work materials) (A-; a)	E2.3a						

E3 - Water and marine resources

As a retail company, HORNBACH does not operate any production locations. Water consumption is comparatively low at its retail and administration locations. The product range offered by HORNBACH includes numerous products whose production processes in the upstream value chain require the use of water and which may thus potentially contribute to water shortages. Furthermore, the extraction of raw materials (mainly sand, oil, and gas) and the transport of goods by ship may have an adverse impact on marine resources. The impacts hereby stated are therefore connected to the business model, but can only be influenced by HORNBACH to a limited extent.

Topics E3	Material impacts, risks, and opportunities Impacts positive (A+), negative (A-), actual (a), potential (p); Risks (R), and Opportunities (O)	IRO No.[4]	Value chain[2)5)] S	H	C	Time horizon[3)5)] s	m	l
E3.1: Water	Contribution to enlarging potential or existing water shortage by using water in production processes, especially in regions already suffering from water shortages (A-; a)	E3.1a						
E3.2: Marine resources	Burden on marine resources due to transport by ship (A-; a)	E3.2a						
	Damage to or endangering of marine resources due to underwater extraction of commodities (A-; t)	E3.2b						

E4 – Biodiversity and ecosystems

HORNBACH's product range includes numerous products whose manufacture in the upstream value chain may potentially influence biodiversity at the production sites or which include commodities whose extraction may potentially contribute to a loss of biodiversity. The product range frequently contains raw materials such as metals, oil and gas, stones and soils, as well as timber and agricultural products. The extraction of these raw materials leads to significant changes in landscapes and ecosystems. Furthermore, the use of monocultures and land sealing in the upstream value chain may have a potentially negative impact on biodiversity. The impacts hereby stated are therefore connected to the business model, but can only be influenced by HORNBACH to a limited extent.

Topic	Material impacts, risks, and opportunities		Value chain[2) 5)]			Time horizon[3)5)]		
E4	Impacts positive (A+), negative (A-), actual (a), potential (p); Risks (R), and Opportunities (O)	IRO No.[4)]	S	H	C	s	m	l
E4.1: Biodiversity and ecosystems	Loss of biodiversity due to pollution arising in production processes, in commodities extraction, or from waste storage (A-; a)	E4.1a						
	Loss of biodiversity due to land conversion for commodities extraction, the use of monocultures, or land sealing (A-; a)	E4.1b						
	Reduced resource availability due to loss of ecosystem services (e.g. risk to forests due to pests) (R)	E4.1c						

E5 – Circular economy

HORNBACH sells a broad range of home improvement products and construction materials, most of which are not yet recyclable and thus have negative environmental impacts due to the extraction of the required primary commodities. These impacts are therefore connected to the business model. As a retailer, however, HORNBACH only has limited influence on the product design. Particularly with its private labels, HORNBACH can work towards using recycled materials and renewable raw materials, and thus promote recyclability and reparability, as well as environmentally-friendly packaging. To develop fully recyclable products and packaging, HORNBACH is nevertheless dependent on cooperation with manufacturers. In its own operations, the company incurs waste and recyclable materials, above all in the form of transport packaging, damaged products, building rubble, and timber. Wherever possible, these are forwarded for recycling. The goods reacceptance programs for consumers have a positive impact.

Topics	Material impacts, risks, and opportunities		Value chain[2) 5)]			Time horizon[3)5)]		
E5	Impacts positive (A+), negative (A-), actual (a), potential (p); Risks (R), and Opportunities (O)	IRO No.[4)]	S	H	C	s	m	l
E5.1: Resource flows and use	Increased resource use due to "linear" or conventional product design and use of non-renewable resources (A-; a, p)	E5.1a						
	Increased value chain resilience and securing scarce resources by reusing and recycling resources (O)	E5.1b						
	Increased attractiveness to customers and sales growth due to visible use of recycled or recyclable materials (O)	E5.1c						
	Reputation risks due to complaints from customers (also in social media) concerning materials (waste of materials, e.g. packaging, plastic) (R)	E5.1d						
	Limited availability and cost increases for raw materials due to shortage of non-renewable resources or shortage of renewable resources (e.g. timber) (R)	E5.1e						
E5.2: Waste	Unnecessary waste due to use of too much or of non-recyclable packaging material (e.g. composite materials) (A-; a)	E5.2a						
	Resource saving and environmental protection due to reacceptance program for old batteries/electrical components for products containing electrical components (also packaging material + return to economy cycle) (A+; a)	E5.2b						

S1 – Own workforce

Working conditions at the company and the treatment of employees significantly influence the level of employee satisfaction and thus indirectly also satisfaction levels among HORNBACH's customers. While the company's own training programs and creation of jobs have positive impacts in and around the locations, the associated burdens, accidents, and stress, as well as workplace discrimination, may have potential negative impacts. These impacts are related to the company's business activities but do not directly result from its business model or strategy. As the HORNBACH Group's business operations are predominantly located in the European Union and Switzerland, the Group complies with extensive legal requirements governing labor rights. As a result, no material IROs have been identified in connection with "other work-related rights".

Topics	Material impacts, risks, and opportunities		Value chain[2) 5)]			Time horizon[3)5)]		
S1	Impacts positive (A+), negative (A-), actual (a), potential (p); Risks (R), and Opportunities (O)	IRO No.[4)]	S	H	C	s	m	l
S1.1: Working conditions	Negative health impacts (fitness, stress, burnout) due to long working hours and inadequate work-life balance (A-; a)	S1.1a						
	Health risks (including accidents, illness, and death) due to lack of health and safety protection (e.g. at machines) (A-; a)	S1.1b						
	Additional workload and additional stress for employees in event of high employee turnover (e.g. due to negative effects of job insecurity) (A-; a)	S1.1c						
	Safety protection for employees, particularly those working with dangerous machines or in situations of permanent stress (e.g. shifts, poor posture at workplace) with an appropriate work health and safety management system (A+; a)	S1.1d						
	Secure employment with constantly growing workforce (A+; a)	S1.1e						
	Improvement in reputation and sales growth due to increased satisfaction and enhanced workforce performance due to appropriate working conditions (O)	S1.1f						
S1.2: Equal treatment and opportunities	Discrimination and falling employee satisfaction due to gender pay gap among workforce (A-; a)	S1.2a						
	Impairment of career opportunities, impacting on lifestyles, economic situation and health due to discrimination and inequality of promotion and development (also with regard to training and further development opportunities) (A-; a)	S1.2b						
	Violation of employee rights and (mental) burdens due to discrimination and inequality resulting from specific characteristics (e.g. discrimination of people with disabilities) (A-; a)	S1.2c						
	Wellbeing of own workforce thanks to discrimination-free working environment and equality of opportunities (A+; a)	S1.2d						
	Sales growth due to accessible skills development and workforce training (O)	S1.2e						
	Improvement in reputation and sales growth due to increased satisfaction and enhanced workforce performance due to equal opportunities and equal treatment (O)	S1.2f						
S1.3 Employee recruitment[1)]	Provision of workplaces with very good working conditions and competitive pay for the labor market (A+; a)	S1.3a						
	Increased employee satisfaction and good opportunities for students/trainees to be offered positions due to training and development in line with company's needs (A+; a)	S1.3b						
	Cost increases due to rising pay and benefit levels as a result of competition for talent (R)	S1.3c						
	Reduction in company value, loss of sales, and further risks (e.g. slower pace of project implementation) if positions are not filled or not in good time (R)	S1.3d						
	Increased chances of attracting the best talents in the market by offering good working conditions and competitive salaries (O)	S1.3e						

S2 – Workers in the value chain

In purchasing and transporting its goods, HORNBACH works with large numbers of suppliers and service providers around the world who in turn procure upstream products and raw materials or commission service providers. Given inadequate transparency in the supply chain, potential negative impacts related to workers in the value chain as a result of poor working conditions, discrimination, or human rights violations cannot be excluded. The aforementioned impacts are not directly connected to the business model or strategy and, given the complexity of supply chains, can only be influenced to a limited extent.

Topics	Material impacts, risks, and opportunities		Value chain[2)5)]			Time horizon[3)5)]		
S2	Impacts positive (A+), negative (A-), actual (a), potential (p); Risks (R), and Opportunities (O)	IRO No.[4)]	S	H	C	S	m	l
S2.1 Working conditions	Negative impacts on living conditions and financial situation of workers due to inadequate pay or suppression of collective bargaining or obligations to abide by collective agreements (A-; p)	S2.1a						
	Health risks (including accidents, illness, and death) due to lack of health and safety protection for workers or to the sale of defective products that might put workers at risk (A-; p)	S2.1b						
	Negative impacts on workers' health (fitness, stress, burnout) due to long working hours (A-; p)	S2.1c						
	Violation of workers' co-determination rights due to non-existent or limited worker representation, lack of social dialog, or limited freedom of association (A-; p)	S2.1d						
	Reputation and financial damages risks, as well as compensation payments and fines due to maltreatment of workers in the value chain (working hours, pay, etc.) (R)	S2.1e						
	Reputation, financial damages, compensation, liability, and fine risks due to sale of dangerous or defective products that might negatively influence the health of workers in the value chain (including accidents, illness, and death) (R)	S2.1f						
S2.2: Equal treatment and opportunities	Discrimination and inequality, e.g. due to disabilities, gender pay gap, or other specific characteristics (A-; p)	S2.2a						
	Reputation and financial damages risks, as well as compensation payments and fines due to incidents of discrimination among workers being reported (R)	S2.2b						
S2.3: Other work-related rights	Human rights violations and associated negative impacts due to modern slavery (child labor, forced labor) (A-; p)	S2.3a						
	Risks to physical and mental health due to inhumane accommodation (lack of hygiene, inadequate space, lack of access to sanitary facilities) for workers (A-; p)	S2.3b						
	Reputation and financial damages risks, as well as compensation payments and fines due to modern slavery (child labor, forced labor) among workers (R)	S2.3c						
	Reputation and financial damages risks, as well as compensation payments and fines due to inhumane accommodation (lack of hygiene, inadequate space, lack of access to sanitary facilities) for workers (R)	S2.3d						

S3 – Affected communities

HORNBACH's business activities may impact on people or groups living in regions in which HORNBACH itself or its suppliers operate. While the retail locations have mainly positive impacts due to their social commitment on location, including donations of goods and trades training, the extraction of commodities and manufacture of products may result in negative impacts on local communities in the value chain. These are not directly connected to the business model or strategy and, given the complexity of supply chains, can only be influenced to a limited extent. No IROs were identified for the ESRS sub-topic of "Communities' civil and political rights".

Topics	Material impacts, risks, and opportunities		Value chain[2)5)]			Time horizon[3)5]		
S3	Impacts positive (A+), negative (A-), actual (a), potential (p); Risks (R), and Opportunities (O)	IRO No.[4)]	S	H	C	s	m	l
S3.1: Economic, social, cultural rights	Adverse impacts on countryside of affected communities, e.g. due to material extraction activities (A-; p)	S3.1a						
	Deterioration in health and environmental conditions in local communities, e.g. due to extraction of natural resources on or close to their land (A-; p)	S3.1b						
S3.2 Rights of indigenous peoples	(Psychological) harm to indigenous peoples due to their relocation as a result of mining or commodities extraction activities performed in their original territory by the company itself or by other companies as a (direct or indirect) result of the company' business activities (A-;a)	S3.2a						
S3.3 Social commitment[1)]	Projects to promote a sustainable society (A+; a)	S3.3a						
	Trades training by HORNBACH and partners (A+; a)	S3.3b						
	Donations of goods prior to destruction (A+; a)	S3.3c						

S4 – Consumers and end-users

As a retail company, HORNBACH bears a significant responsibility towards consumers and end-users in terms of product safety, data protection, and the information provided on products and services. Positive impacts on people and society are created by providing a more sustainable overall product range that also meets customers' needs. Negative impacts may arise due to potential data protection incidents, accidents when shopping, or inadequate product safety. These impacts are directly connected to the business model and strategy. No material IROs were identified for the ESRS sub-topic of "Social inclusion".

Topics	Material impacts, risks, and opportunities		Value chain[2 5)]			Time horizon[3)5)]		
S4	Impacts positive (A+), negative (A-), actual (a), potential (p); Risks (R), and Opportunities (O)	IRO No.[4)]	S	H	C	s	m	l
S4.1: Information rights	Violation of right to protection of personal data with negative consequences for customer's privacy (A-; p)	S4.1a						
	Better and easier purchasing decisions due to easy access to information (A+; a)	S4.1b						
	Boost customer confidence by transparently communicating data protection measures and data processing (A+; a)	S4.1c						
	Complaints and claims management and central customer service promote good customer relationships (A+; a)	S4.1d						
S4.2: Safety	Risk to customers' health, e.g. due to inadequate product safety or lack of precise disclosures concerning risks to people's health attributable to some products (A-; a)	S4.2a						
	Risk of injuries to customers when shopping at store (A-; a)	S4.2b						
S4.3: Customer satisfaction[1)]	Increase in customer satisfaction by implementing findings of customer feedback and holding regular customer surveys (A+; a)	S4.3a						
	Sales growth due to improvements in customer satisfaction (O)	S4.3b						
	Loss of reputation and sales in the event of low customer satisfaction (R)	S4.3c						
S4.4: Labeling sustainable articles[1)]	Identifying articles with sustainability benefits and using internal labeling makes it possible to offer a more sustainable product range (A+; p)	S4.4a						
	Sales growth due to more sustainable product range and corresponding labeling (O)	S4.4b						
	Increased trust in company and increased company value by using labels that make sustainable products transparent (O)	S4.4c						

G1 – Business conduct

For HORNBACH as a retail company with decentralized locations in various European countries and Hong Kong, the establishment of a Group-wide corporate culture that facilitates trusting and constructive cooperation between all operating units is essential and has positive impacts for the company's own workforce. Among other aspects, this also involves mechanisms to avert breaches of compliance within the Group, including corruption and bribery. Given its procurement decisions, moreover, HORNBACH can in some cases also influence the economic stability of its suppliers and their workforces. These impacts are nevertheless not directly connected to the business model or strategy. No material IROs were identified for the ESRS subtopics of "Animal welfare" or "Political engagement".

Topics	Material impacts, risks, and opportunities		Value chain[2,5]			Time horizon[3,5]		
G1	Impacts positive (A+), negative (A-), actual (a), potential (p); Risks (R), and Opportunities (O)	IRO No.[4]	S	H	C	s	m	l
G1.1: Corporate culture	Promoting trusting cooperation by way of clear values that are lived at the company, a constructive approach to conflicts, possibilities to report (potential) infringements of laws and company policies (anonymously if preferred), and effective whistleblower protection (A+, a)	G1.1.a						
	Costs due to fines for infringements of laws (e.g. infringements of cartel law, data protection) and/or loss of sales due to reputational harm resulting from inadequate complaints structures or unethical conduct towards workers, business partners, or customers (R)	G1.1.b						
G1.2: Supplier management and payment practices	Economic stability and possibility for suppliers to pay their employees by settling supplier invoices within contractually agreed deadlines (A+, a)	G1.2.a						
	Enhancing reputation, gaining new suppliers, and preferential cooperation due to fair treatment of suppliers (O)	G1.2.b						
G1.3: Corruption and bribery	Loss of reputation and/or financial damages due to incidents of corruption at company or in the value chain (R)	G1.3.a						

The data points to be reported, and thus the material information, were determined with the assistance of qualitative data point mapping based on examination of the contents of the impacts, risks, and opportunities identified. No immaterial data points were identified. No voluntary data points or information subject to phase-in requirements were included in the first reporting year. The relevance of the information reported in connection with the material IROs was assessed by the relevant department in each case. No thresholds were set for the materiality of information.

A list of the disclosure requirements satisfied by this Sustainability Statement, including the sections in which the corresponding disclosures are made, and the data points resulting from other EU legislation is presented in Sections 1.9 and 1.10.

1.4 Resilience of strategy and business model to material impacts, risks, and opportunities

To analyze the resilience of the business model, the impacts, risks, and opportunities identified in the materiality assessment were compared with HORNBACH's existing and planned actions, policies, and targets. A qualitative assessment was subsequently reached concerning the extent to which mitigation arose within the time horizons relevant to the respective IRO and as to how resilient the business model, value chain, and strategy are overall with regard to the remaining net IROs.

For HORNBACH as a retail company with no proprietary production activities, material environmental impacts result above all in the upstream and downstream value chains due to commodities extraction, production processes, logistics, and the use and disposal of non-recyclable products. Risks result above all from a potentially lower level of resource availability in the upstream value chain, rising procurement prices, and capital expenditure required for climate change adaptation. The process already initiated of investigating and labeling products with regard to their environmental impacts may make it possible to identify potential optimizations in the product range structure in the medium term. Moreover, in the medium to long term there is the possibility that increasing volumes of recycled or recyclable materials can be deployed in the upstream value chain. A reduction in product range-related emissions is to be achieved in the medium to long terms by working together with suppliers, not least within the sector initiative of the international DIY retail association EDRA/GHIN. In its own operations, the company has taken first steps to reduce CO_2e emissions, energy consumption, and waste by implementing energy-saving measures and proprietary electricity production, as well as by converting to electric vehicles and working with company-internal resource management. Further reductions in environmental impacts in own operations are planned for the medium to long terms.

Further information about the resilience of the strategy and business model with regard to climate change and biodiversity is provided in the ESRS E1 Climate change and ESRS E4 Biodiversity and ecosystems chapters.

HORNBACH is mainly addressing the short and medium-term risks and opportunities related to the company's own workforce, and in particular the challenges of recruiting new employees, by offering fair salaries and additional benefits, flexible working-hour models, and training and development programs. The impacts on the workforce of shift work and workplace hazards, two aspects associated with activities in the DIY retail, builders' merchant, and logistics sectors, are mitigated with health promotion programs and suitable safety concepts.

HORNBACH counters potential negative impacts on workers in the value chain and local communities with its CSR Standards for business partners, regular audits of direct suppliers and production sites, and the establishment of reporting channels for internal and external whistleblowers. These measures mitigate the negative impacts and the risk of human rights violations and poor working conditions in the supply chain.

As a retail company, HORNBACH has a particular focus on consumers and end-users. By systematically evaluating customer feedback, HORNBACH can achieve positive impacts and draw on opportunities resulting from the customer-focused further development of its retail concept and good communications with and information of its customers. The safety of customers when shopping at stationary stores or in the online shop and the safety of the products on offer is upheld to the best possible extent with corresponding safety concepts and product tests. Consistent with legal requirements in the countries in which HORNBACH operates, extensive data protection measures are also implemented.

HORNBACH works to avert any risks resulting from infringements of the law and incidents of corruption by continually developing its compliance management system further in line with statutory and company-specific requirements. Internal and external reporting channels are available to report suspected cases.

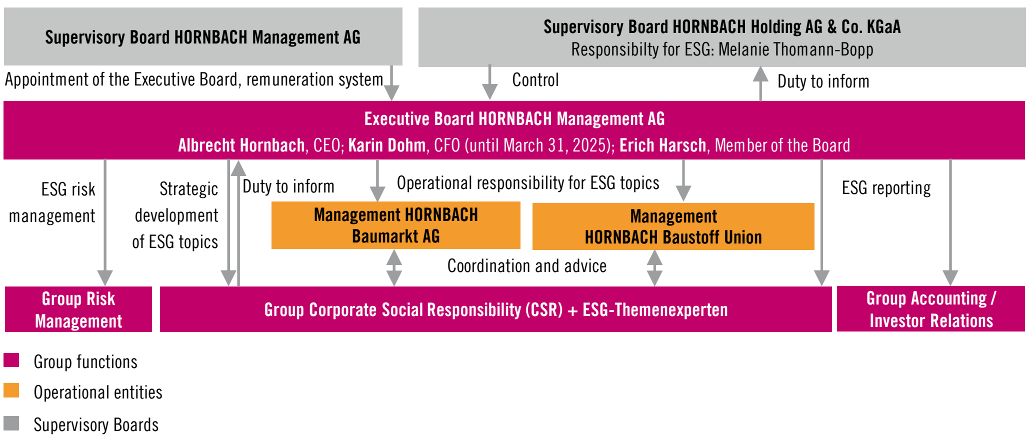
The ESG risks identified in the double materiality assessment are to be integrated into the existing risk management and systematically evaluated in the 2025/26 financial year.

Overall, based on the qualitative assessment no impacts, risks, or opportunities are currently discernible which would require a fundamental change in the business model and strategy or which could materially impair or improve the company's earnings, financial, and asset position in the short term. In the long term, the transition to a climate-neutral, circular, and socially just economy nevertheless requires adaptations affecting the whole value chain and which can only be implemented together with business partners. In parallel, there are opportunities relating to product ranges and services which support consumers and end-users with sustainable construction and renovation. Ongoing analysis will nevertheless be required to enable these opportunities to be seized as appropriate.

1.5 ESG governance

The corporate management and supervision of HORNBACH Holding AG & Co. KGaA are presented in the "Corporate Governance Statement". As a German listed stock corporation, the company has a dualistic management system. In the following section, corporate management and supervision with regard to ESG topics are explained. The ESG management organization is presented in the following chart.

ESG Management of HORNBACH Holding AG & Co. KGaA



Role of the Supervisory Board

The Supervisory Board of HORNBACH Holding AG & Co. KGaA monitors the Board of Management of the General Partner (HORNBACH Management AG). In this, the Supervisory Board also accounts for social and environmental factors influencing the company's performance, as well as the impact of the company's activities on people and the environment. This is laid down in the Rules of Procedure for the Supervisory Board. The Supervisory Board Audit Committee advises the General Partner in aspects including the ESG topics and IROs relevant to the company and monitors the company's targets and progress with regard to these topics. Among other aspects, the Audit Committee prepares the negotiations and resolutions of the Supervisory Board on all matters relating to CSRD reporting. In this, it also addresses matters and reports submitted by the managers responsible for risk management, compliance, and internal audit. The Audit Committee meets regularly, and at least four times a year. At its meetings, the respective reports and individual sustainability topics are the subject of in-depth discussion.

The Supervisory Board of HORNBACH Holding AG & Co. KGaA comprises six members. In its composition, the Supervisory Board accounts for the criterion of diversity, particularly with regard to the ages, genders, qualifications, and professional experience of its members. The CVs of the Supervisory Board members are published on the company's website. In the 2024/25 financial year, the Supervisory Board comprised four (67%) women and two (33%) men. Five Supervisory Board members (83%) are independent within the meaning of the German Corporate Governance Code (DCGK). Consistent with legal requirements, the Supervisory Board of HORNBACH Holding AG & Co. KGaA does not include any employee representatives. However, employee representatives make up half of the Supervisory Board members of the HORNBACH Baumarkt Subgroup.

The Supervisory Board has set targets for its composition, including a skills and expertise profile for the board as a whole. Pursuant to the skills and expertise profile, the Supervisory Board members should have expertise, skills, and experience in the following specialist fields:

- Management, C-level experience
- Retail, including e-commerce, logistics, real estate, and investment management
- Corporate governance, compliance and risk management
- Personnel and change management
- Accounting and auditing
- Capital market, financing
- IT, digital transformation, cybersecurity, and artificial intelligence
- ESG, sustainability, CSR, and security
- Marketing and communications.

The Supervisory Board should as a whole have experience at least in other European countries.

The Chair of the Audit Committee, Melanie Thomann-Bopp, simultaneously acts as the ESG Officer and is responsible for further developing the ESG strategy in the Supervisory Board and for monitoring the development of the strategy and actions to address the respective impacts, risks, and opportunities. 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 her longstanding membership of the Supervisory Boards of the HORNBACH Group, Melanie Thomann-Bopp has extensive expertise in the fields of accounting and auditing, including sustainability reporting and its audit, as well as experience with ESG topics in the retail sector. 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. Overall, five Supervisory Board members have expertise in sustainability/ESG topics in general, four members have expertise in personnel and change management (IROs related to S1 Own workforce), four members have expertise in marketing, communications, and services (IROs related to S4 Consumers and end-users), and four members have experience in corporate governance, compliance, and risk management (IROs related to G1 Business conduct). An external advisor was also available to the Supervisory Board in implementing the company's CSRD reporting. The company currently does not have any process in place to evaluate the availability and development of specialist expertise in respect of the IROs.

The Supervisory Board of HORNBACH Management AG is responsible, among other areas, for appointing the Board of Management and for structuring the remuneration system at the General Partner, HORNBACH Management AG. This board therefore bears responsible for embedding sustainability targets in the remuneration system at HORNBACH Management AG.

Role of the Board of Management

As a KGaA, HORNBACH Holding AG & Co. KGaA does not have a Board of Management. At the KGaA, the duties of the Board of Management are discharged by the General Partner, HORNBACH Management AG. The Board of Management of HORNBACH Management AG manages the business of the KGaA and represents this to third parties. In the 2024/25 financial year, it comprised three members (until March 31, 2025), of which one women (33%) and two men (67%). In this composition, the Board of Management has longstanding experience in DIY retail and in other non-food retail in Europe, the corresponding product ranges and services, expansion by developing proprietary locations or taking over locations. The CVs of the members of the Board of Management are published on the website of HORNBACH Holding.

The Board of Management of HORNBACH Management AG provides the Supervisory Board of the KGaA with regular, prompt, and extensive information on its intended business policy and other fundamental matters of corporate planning, including on ESG targets and actions, as well as on governance and compliance topics.

The Board of Management of HORNBACH Management AG bears responsibility for business conduct and corporate culture at the HORNBACH Group, including measures to combat corruption and bribery and to protect whistleblowers. Compliance with laws, statutory requirements, and internal company policies represents a key management task. The CFO is responsible for the topics of risk management, internal audit, legal, and compliance. Responsibility for supplier management, including payment practices, is incumbent on the operating subgroups. Furthermore, the Board of Management and the management of the operating subgroups support the further development, implementation, and communication of policies for business conduct and corporate culture.

The further development of strategic sustainability topics is performed by an internal workgroup comprising a core team ("CSR" department) and those representatives of the operating subgroups who bear responsibility for the individual ESG topics and IROs. The CSR department coordinates and supports the work on ESG topics at the overall Group and reports to the Board of Management of HORNBACH Management AG. The policies, targets, and actions for the ESG topics classified as material 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 of HORNBACH Management AG is regularly involved in topic-specific actions and informed about their implementation. Overall specialist responsibility for sustainability management is incumbent on the Chair of the Board of Management of HORNBACH Baumarkt AG, who is simultaneously a member of the Board of Management of HORNBACH Management AG. Sustainability topics are nevertheless addressed in each board division and, on a topic-specific basis, are the responsibility of the relevant board member. At the HORNBACH Baustoff Union Subgroup, the management is responsible for the policies, targets, and actions for those ESG topics classified as material. Overall responsibility is borne by the Chair of the Management. The ESG targets stipulated in the remuneration system for the Boards of Management of HORNBACH Management AG and HORNBACH Baumarkt AG, which refer to IROs related to the sub-topics of climate change, customer satisfaction, sustainability labeling, diversity, and employee satisfaction (equal treatment and opportunity) are reviewed by the Boards of Management each year, as is the respective target achievement.

In implementing CSRD reporting, the Board of Management of HORNBACH Management AG, the Board of Management and the management of the operating subgroups and the specialist departments were supported by external consultants and able to draw on their expertise. In some board divisions, actions related to the IROs have already or are being implemented. The members of the Boards of Management are informed by the managers responsible for the topics in the respective departments on the implementation progress. These managers also provide advice, if applicable with support from the CSR department. Furthermore, a regular exchange of information on sustainability topics is held with workgroups from sector associations.

The company currently does not have any process in place to evaluate the availability and development of specialist expertise at the company in respect of the IROs. The ESG risks identified in the materiality assessment will be included by Group Risk Management in future in the existing risk management process. The functionality of risk management is described in the “Risk Report” chapter of the Combined Management Report. The Compliance function is involved in the further development of internal requirements on the IROs and the implementation of new regulatory requirements. Internal Audit regularly reviews compliance with internal policies and processes, as well as with external requirements, also as these relate to ESG topics. No special controls and processes have been implemented to manage the IROs.

The Supervisory Board of HORNBACH Holding AG & Co. KGaA and the Board of Management of HORNBACH Management AG are informed on an annual basis about the IROs identified by the CSR department. The ESG targets already defined (see tables) and the current and planned actions to achieve these targets are reviewed on an annual basis and supplemented or amended as appropriate. Account is also taken of the identified IROs. There were no adjustments to the corporate strategy or risk management processes or material transactions in the year under report. In the 2024/25 financial year, the topics of “Customer satisfaction” (S4.4) and “Diversity” (S1.2) were discussed in the Board of Management and the Supervisory Board Audit Committee, as were the associated material IROs, actions, and their effectiveness. No conflicting targets were identified.

The Board of Management of the General Partner HORNBACH Management AG is remunerated in accordance with the remuneration system of HORNBACH Management AG, which was adopted by the Supervisory Board of HORNBACH Management AG.

The long-term variable remuneration of the members of the Board of Management of HORNBACH Management AG is linked to sustainability topics and corresponding key performance indicators. Metrics have been stipulated for the topics of CO_2e reductions in own operations (HORNBACH IRO E1.2c, IRO E1.2d, IRO E1.2e), customer satisfaction (HORNBACH IRO S4.4a, IRO S4.4b, S4.4c), employee satisfaction (HORNBACH IRO S1.1c, S1.1f, S1.2a, S1.2e, S1.2g, S1.4c), sustainability labeling in the product range (HORNBACH IRO S4.5a, S4.5b), and diversity (HORNBACH IRO S1.2a, S1.2b, S1.2c, S1.2e, S1.2f). Since the 2023/24 financial year, 25% of multiyear variable remuneration is dependent on the achievement of the sustainability targets, with each of the five sustainability targets being accorded a 5% weighting. The respective remuneration will be paid for the first time in 2027 for the performance period from 2023/24 to 2026/27. There was therefore not yet any payment or acknowledgement of remuneration components linked to climate targets in the year under report (0%). Further details on the functionality of the remuneration system are presented in the Remuneration Report. The remuneration system applies by analogy for the members of the Board of Management of the HORNBACH Baumarkt AG Subgroup. The key figures relating to remuneration are not validated by external bodies.

Consistent with the recommendation made by the German Corporate Governance Code, the members of the Supervisory Boards of HORNBACH Holding AG & Co. KGaA and HORNBACH Management AG do not receive any variable remuneration components and therefore also do not receive any remuneration linked to climate-related considerations (0%).

The ESG targets and the performance in the current financial year are presented in the following tables. The disclosures include the targets and performance relating to reductions in greenhouse gas emissions.

[ESG targets for MVR 2023/24 – 2026/27 [MDR-T-80e √]

Target	Definition	Target value	Actual value 2024/25	Base value
Customer satisfaction	Sales-weighted average of three annual Kundenmonitor surveys referring to the HORNBACH Baumarkt Subgroup in Germany, Austria, and Switzerland (scale from 1 to 5); as an average over the four-year performance period	2.04 to 2.10	2.10 (Ø 2023/24 - 2024/25: 2.10)	
Labeling sustainable articles	% share of stock range investigated for sustainability benefits and labeled if appropriate in the internal article master data	75%	26.4%	
Diversity	% share of women in first and second management levels below the Board of Management at the HORNBACH Baumarkt Subgroup; as an average over the four-year performance period	25%	25.7% (Ø 2023/24 - 2024/25: 25.7%)	
Employee satisfaction	Number of terminations (by employees and employer) at the HORNBACH Baumarkt Subgroup as % of average number of employees in financial year (turnover rate); as an average over the four-year performance period	12%	17.3% (Ø 2023/24 - 2024/25: 17.5%)	
Reduction in Scope 1 and 2 CO_2e emissions	CO_2e reduction per m² of heated area (base year 2020/21) at the HORNBACH Baumarkt Subgroup[1]	(20)%	(35.6) %	2020/21: 31.7 tonnes/m²

1 Amendment to definition of heated areas at stores, logistics centers, and administration locations; the key figure for 2023/24 was recalculated: 26.18%; figure previously calculated for 2020/21: 37.8

[ESG targets for MVR 2024/25 – 2027/28 √]

Target	Definition	Target value	Actual value 2024/25	Base value
Customer satisfaction	Sales-weighted average of annual Kundenmonitor surveys referring to the HORNBACH Baumarkt Subgroup in Germany, Austria, and Switzerland (scale from 1 to 5); as an average over the four-year performance period	2.04	2.10	
Labeling sustainable articles	% share of stock range investigated for sustainability benefits and labeled if appropriate in the internal article master data	80%	26.4%	
Diversity	% share of women in first management level below the Board of Management at the HORNBACH Baumarkt Subgroup; as an average over the four-year performance period	27.5%	20.3%	
	% share of women in second management level below the Board of Management at the HORNBACH Baumarkt Subgroup; as an average over the four-year performance period	30%	27.3%	
Employee satisfaction	Number of terminations by employees at the HORNBACH Baumarkt Subgroup as % of average number of employees in financial year (turnover rate); as an average over the four-year performance period	10.1%	11.1%	
Reduction in Scope 1 and 2 CO_2e emissions	CO_2e reduction in Scopes 1 and 2 (base year 2021/22) at the HORNBACH Baumarkt Subgroup	(16,800) tonnes	(3,475) tonnes	2021/22: 61,217 tonnes

ESG targets for MVR 2025/26 – 2028/29

Target	Definition	Target value
Customer satisfaction	Sales-weighted average of annual Kundenmonitor surveys referring to the HORNBACH Baumarkt Subgroup in Germany, Austria, and Switzerland (scale from 1 to 5); average HORNBACH score over the four-year performance period compared with average sector score	0.15 points better than sector average
Labeling sustainable articles	% share of stock range investigated for sustainability benefits and labeled if appropriate in the internal article master data	85%
Diversity	% share of women in first management level below the Board of Management at the HORNBACH Baumarkt Subgroup; based on reporting date at end of four-year performance period	27.5%
	% share of women in second management level below the Board of Management at the HORNBACH Baumarkt Subgroup; based on reporting date at end of four-year performance period	30.0%
Employee satisfaction	Number of terminations by employees at the HORNBACH Baumarkt Subgroup as % of average number of employees in financial year (turnover rate); as an average over the four-year performance period	12%
Reduction in Scope 1 and 2 CO_2e emissions	CO_2e reduction in Scopes 1 and 2 (base year 2021/22) at the HORNBACH Baumarkt Subgroup	(20,000) tonnes

The **customer satisfaction** key figure is based on representative customer surveys conducted by an external provider (Kundenmonitor) in Germany, Austria, and Switzerland. This survey determines a figure for overall satisfaction for each country. This ranges on a scale from 1 ("perfectly satisfied") to 5 ("unsatisfied"). The overall satisfaction figure is weighted in line with the share of sales accounted for by each of these three countries in terms of total sales at the HORNBACH Baumarkt AG Subgroup. To determine target achievement, the average value for the financial years in the four-year performance period is compared with the target value. Starting with MVR 2025/26, HORNBACH's results compared with the sector average are relevant for target achievement.

The key figure referring to the **labeling of sustainable articles** in the product range is calculated internally by evaluating the article master data. The number of articles in the listed stock range that has been investigated at the end of the performance period to ascertain their sustainability benefits in terms of production, logistics, and/or applications compared with alternative products and, if applicable labeled, is stated as a percentage of the total product range at the balance sheet date. In the year under report, the investigations initially focused on investigating timber and wood-containing products, as well as paints and varnishes, to identify the sustainability benefits previously defined on an internal basis. For timber products, certification by the Forest Stewardship Council® (FSC) or proof that the timber originates from within the EU is required to confirm the sustainability benefit. For paints and varnishes, one sustainability benefit was defined if they are water-dilutable and thus contain fewer volatile organic compounds harmful to health and the environment and other harmful chemicals. Further sustainability benefits will be defined during the performance period. Target achievement is measured by reference to the percentage of articles investigated and, if appropriate, labeled at the end of the performance period.

The key figures on **diversity** and **employee satisfaction** are determined by reference to available personnel data. For the diversity target, the number of women in the two management levels below the Board of Management at HORNBACH Baumarkt AG is determined as of the balance sheet date and stated as a percentage of the total number of managers on these levels. Personnel turnover is determined based on the number of terminations as a percentage of the average number of employees (head counts) in permanent employment in the financial year. Target achievement is determined by comparing the average figure for each of the financial years in the four-year performance period with the target value. Starting in the 2025/26 financial year, the figure at the end of the performance period will be relevant for determining target achievement for the diversity key figure.

The **reduction in CO_2e emissions** is determined by reference to the climate balance sheet. In the 2023/24 financial year, a science-based target compatible with the 1.5-degree target of the Paris Climate Agreement was set with 2021/22 as the base year. This corresponds to the MVR target from 2024/25. The target for MVR 2023/24 refers to 2020/21 as the base year. The CO_2e reduction is measured per square meter of heated area over the four-year performance period. This heated area includes stores, logistics sites, and administration locations. Target achievement is measured by reference to the reduction achieved at the end of the performance period.

Stakeholders are not directly involved in setting the target values. The CSR department, the Board of Management, and Supervisory Board bodies were involved in defining the targets, as were further departments on a topic-specific basis. The interaction between the ESG targets formulated here and the respective ESG topics and underlying concepts is described in the E1 Climate change, S1 Own workforce, and S4 Consumers and end-users chapters.

1.6 Interests and views of stakeholders

The continuous exchange of information with stakeholders is decisive to the further development of the business model and strategy of the HORNBACH Group, particularly with regard to ESG topics. The views of stakeholders were accounted for in the materiality assessment (see "Materiality assessment" section). For HORNBACH as a retail company, the most important stakeholder group involves its customers, to whom HORNBACH aligns its range of products and services. A further focus is on employees and their representatives, as well as applicants. Motivated and loyal employees form the basis for the company's success. Employees working in sales and service at the DIY stores and garden centers and at the builders' merchant outlets in particular have a material influence on customer satisfaction. In addition, HORNBACH is reliant on good cooperation with its suppliers, business partners, and service providers, and with their staff, as well as with representatives of the capital markets and banks, and further cross-regional and local institutions and stakeholder groups. The Board of Management is regularly informed about the results of customer surveys, exchanges information with employees and/or managers at internal events, and participates in investor events. On an occasional basis (e.g. in connection with compliance reports or expansion projects), the Board of Management is informed about the interests of local communities and workers in the value chain.

The following overview presents the interests of material stakeholders in connection with the company's strategy and business model, the formats and purpose of exchanges, and the respective outcomes.

Interests and rights	Organization / form of communication	Purpose	Outcomes
Customers (see ESRS S4 "Engaging with consumers and end-users")			
■ Price / value for money ■ Product quality and durability ■ Health aspects (no harmful substances) ■ Transparency and information on origin and sustainability of products ■ Reduction in packaging material and recycling ■ Product safety ■ Data protection / security	■ Support and advice provided to customers at stores and via the customer service center ■ Information on products and projects at stores/online shop and evaluation options ■ Social media ■ Internal and external customer surveys	■ Optimize product range and services ■ Identify problems with products or purchase processes ■ Factor customer feedback into innovation processes	■ Permanent low prices ■ Product quality management and checks ■ Delisting of critical products (glyphosate) ■ Labeling of sustainable products ■ Certifications (organic plants, FSC) ■ Reduction / optimization of packaging ■ Disposal and repair services

Interests and rights	Organization / form of communication	Purpose	Outcomes
Employees, works councils, applicants (see ESRS S1 "Engaging with own workforce and employee representatives")			
■ Secure employment ■ Fair remuneration and attractive additional benefits ■ Flexible working hour models ■ Equal treatment and opportunities ■ Workplace health and safety, accident prevention	■ Intranet, mailings ■ Exchange between Board of Management and Works Council ■ Company meetings ■ Exchange formats between Board of Management and employees ("town hall") ■ Employee appraisal meetings ■ Interviews with applicants	■ Inform about and discuss relevant developments in operating business ■ Obtain feedback on working conditions and potential improvements	■ New forms of work and working hour models ■ Optimization of additional benefits ■ Influence on vocational training, further development options and training
Suppliers, business partners, and service providers			
■ Stable and long-term business relationships ■ Fair and partnership-based cooperation	■ Regular contact within business relationship ■ Audits of direct suppliers	■ Supply goods and services ■ Comply with requirements ■ Exchange information on new products / services and innovations	■ Adjustments to procurement strategy or product range ■ Development of sustainable and / or recyclable products
Investors, analysts, banks, credit and ESG rating agencies			
■ High-quality corporate governance and transparent reporting ■ Good economic performance taking due account of ESG factors	■ Regular financial and ESG reporting ■ Update group calls (after publications), roadshows, conferences, one-to-one talks when required ■ Annual General Meeting ■ ESG rating surveys	■ Ensure transparency on business and ESG performance ■ Understand capital market expectations and requirements ■ Secure access to capital on best possible terms ■ Satisfy regulatory requirements	■ Continuous expansion in ESG reporting and implementation of legal requirements (CSRD report) ■ Integration of ESG components into remuneration systems since FY 2023/24 ■ Integration of ESG components into financing instruments (ESG-linked loan since May 2024)
Affected communities (see ESRS S3 "Engaging with affected communities")			
■ No impairment of quality of life and environment due to company activities ■ Involvement of local economy on behalf of community	■ Questions on affected communities in context of audits and information requests ■ Supporting social institutions and organizations in areas surrounding locations ■ Dialog with local authorities, local residents, and associations in context of expansion projects	■ Identify potential impacts on communities in the value chain ■ Advertise the company on location ■ Obtain building permits	■ Agreement of remediation measures with business partners in the supply chain if appropriate ■ Adjustments to planned buildings in expansion projects, if appropriate, implementation of compensation measures, and other requirements
Workers in the value chain (see ESRS S2 "Engaging with workers in the value chain")			
■ Fair pay and good working conditions ■ Respect for human rights	■ Factory audits, including interviews with employees ■ Human Rights Officer and whistleblower system	■ Comply with human rights and further social and environmental standards in the value chain	■ If applicable, agreement of remediation measures with business partners or termination of business relationship in event of severe violations

Interactions with stakeholders influence the implementation of actions in connection with the IROs identified. No adjustments to the strategy or business model were implemented or planned in the year under report.

1.7 Statement on due diligence

The following table provides an overview of how the HORNBACH Group applies the core elements of its due diligence and where these are presented in this Sustainability Statement.

Core elements of due diligence	Paragraphs in the Sustainability Statement
a) Embedding due diligence in governance, strategy, and business model	See reporting on ESRS GOV-2, GOV-3 (ESG governance), SBM-3 (Materiality results), topic-related ESRS: Consideration of various stages and purposes of stakeholder engagement throughout the whole process of meeting due diligence requirements.
b) Engaging with affected stakeholders in all key steps of the due diligence	See reporting on ESRS 2 GOV-2 (ESG governance), SBM-2 (Interests and views of stakeholders), IRO-1 (Materiality assessment), policies in the topical standards (MDR-P)
c) Identifying and assessing adverse impacts on people and the environment	See reporting on ESRS 2 IRO-1 including topic-specific IRO-1-disclosures (Materiality assessment) , SBM-3 (Materiality results)
d) Taking action to address adverse impacts on people and the environment	See reporting on actions in topic standards (MDR-A): Consideration of range of actions intended to address impacts; no transition plans implemented to date
e) Tracking the effectiveness of these efforts and communicating	See reporting on ESRS 2 MDR-M and MDR-T (ESG governance) and topic-related ESRS: in respect of metrics and targets

1.8 Risk management and internal controls over sustainability reporting

The risk management system (RMS) and the internal control system (ICS) of the HORNBACH Holding AG & Co. KGaA Group serve to detect potential risks at an early stage and to avert pending damage by implementing suitable and effective measures. The core elements of the risk management system and the internal control system in respect of the (Group) financial reporting process are described in the “Risk Report” section. No checks in respect of sustainability reporting have yet been integrated into the internal control system. Operational risks in the report preparation process result from the adjustment to rising ESG reporting requirements. These refer to the completeness, accuracy, and punctual provision of the required sustainability-related information in accordance with the respectively valid version of reporting requirements. In the course of implementing first-time reporting, the Board of Management of HORNBACH Management AG was kept informed at regular update meetings of the implementation status and potential process risks. At its meetings, the Supervisory Board Audit Committee also addressed the CSRD implementation.

For first-time reporting in accordance with CSRD, central risks were already identified in the overriding sustainability reporting process and addressed with the assistance of mitigating internal checks based on a catalog of control measures. No prioritization was performed. The Group-wide definitions, responsibilities, and process descriptions for the material ESRS disclosure requirements for the standards requiring report were compiled and documented by the relevant department.

The completeness and accuracy of the materiality assessment process was safeguarded with an approval process involving the Risk Management department and the Board of Management.

The internal checks already stipulated were integrated into the relevant functions and processes in order to safeguard continuous supervision and improvement of sustainability reporting. The collection and consolidation of sustainability-related data was performed with the involvement of various specialist departments within the HORNBACH Group.

1.9 List of data points in general and topic-related standards which result from other EU legal requirements

Disclosure requirement	Data point	EU legislation: SFDR[1], Pillar 3[2], Benchmark Regulation[3], EU Climate Law[4]	Page or n.m.[5]
ESRS 2 GOV-1 Gender diversity in management and supervisory bodies	21d	SFDR	97 f
ESRS 2 GOV-1 Percentage of board members who are independent	21e	SFDR	97 f
ESRS 2 GOV-4 Statement on due diligence	30	SFDR	104
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities	40di	SFDR, Pillar 3, Benchmark Regulation	79
ESRS 2 SBM-1 Involvement in activities related to chemical production	40dii	SFDR, Benchmark Regulation	n.m.
ESRS 2 SBM-1 Involvement in activities related to controversial weapons	40diii	SFDR, Benchmark Regulation	n.m.
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco	40div	Benchmark Regulation	n.m.

ESRS E1-1 Transition plan to reach climate neutrality by 2050	14	EU Climate Law	115
ESRS E1-1 Undertakings excluded from Paris-aligned benchmarks	16g	Pillar 3, Benchmark Regulation	n.m.
ESRS E1-4 GHG emission reduction targets	34	SFDR, Pillar 3, Benchmark Regulation	115 f
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	38	SFDR	120
ESRS E1-5 Energy consumption and mix	37	SFDR	120
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors	40-43	SFDR	121
ESRS E1-6 Gross Scope 1, 2, 3 and total GHG emissions	44	SFDR, Pillar 3	123 f
ESRS E1-6 Gross GHG emissions intensity	53-55	SFDR, Pillar 3, Benchmark Regulation	124
ESRS E1-7 GHG removals and carbon credits	56	EU Climate Law	n.m.
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks	66	Benchmark Regulation	n.m.
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk	66a	Pillar 3	n.m.
ESRS E1-9 Location of significant assets at material physical risk	66c	Pillar 3	n.m.
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes	67c	Pillar 3	n.m.
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities	69	Benchmark Regulation	n.m.

ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water, and soil	28	SFDR	n.m.
ESRS E3-1 Water and marine resources	9	SFDR	128
ESRS E3-1 Dedicated policy	13	SFDR	n.m.
ESRS E3-1 Sustainable oceans and seas	14	SFDR	128 ff
ESRS E3-4 Total water recycled and reused	28c	SFDR	n.m.
ESRS E3-4 Total water consumption in m^3 per net revenue in own operations	29	SFDR	n.m.
ESRS 2 – SBM-3 – E4	16a-i, b, c	SFDR	n.m.
ESRS E4-2 Sustainable land / agriculture practices or policies	24b	SFDR	n.m.
ESRS E4-2 Sustainable oceans / seas practices or policies	24c	SFDR	n.m.
ESRS E4-2 Policies to address deforestation	24d	SFDR	131
ESRS E5-5 Non-recycled waste	37d	SFDR	139
ESRS E5-5 Hazardous waste and radioactive waste	39	SFDR	139

Disclosure requirement	Data point	EU legislation: SFDR[1], Pillar 3[2], Benchmark Regulation[3], EU Climate Law[4]	Page or n.m.[5]
ESRS 2 SBM3 – S1 Risk of incidents of forced labor	14f	SFDR	154
ESRS 2 SBM3 – S1 Risk of incidents of child labor	14g	SFDR	154
ESRS S1-1 Human rights policy commitments	20	SFDR	156
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8	21	Benchmark Regulation	156
ESRS S1-1 Processes and measures for preventing trafficking in human beings	22	SFDR	156
ESRS S1-1 Workplace accident prevention policy or management system	23	SFDR	156
ESRS S1-3 Grievance / complaints handling mechanisms	32c	SFDR	170 ff
ESRS S1-14 Number of fatalities and number and rate of work-related accidents	88b,c	SFDR, Benchmark Regulation	168 f
ESRS S1-14 Number of days lost to injuries, accidents, fatalities, or illness	88e	SFDR	Phase-in
ESRS S1-16 Unadjusted gender pay gap	97a	SFDR, Benchmark Regulation	169
ESRS S1-16 Excessive CEO pay ratio	97b	SFDR	169
ESRS S1-17 Incidents of discrimination	103a	SFDR	170
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD guidelines	104a	SFDR, Benchmark Regulation	170
ESRS 2 SBM3 – S2 Significant risk of child labor or forced labor in the value chain	11b	SFDR	173
ESRS S2-1 Human rights policy commitments	17	SFDR	175
ESRS S2-1 Policies related to value chain workers	18	SFDR	174 f
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines	19	SFDR, Benchmark Regulation	175
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8	19	Benchmark Regulation	175
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain	36	SFDR	175
ESRS S3-1 Human rights policy commitments	16	SFDR	184
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles, or OECD guidelines	17	SFDR, Benchmark Regulation	184
ESRS S3-4 Human rights issues and incidents	36	SFDR	184
ESRS S4-1 Policies related to consumers and end-users	16	SFDR	191 ff
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines	17	SFDR, Benchmark Regulation	191
ESRS S4-4 Human rights issues and incidents	35	SFDR	193
ESRS G1-1 United Nations Convention against Corruption	10b	SFDR	199
ESRS G1-1 Protection of Whistleblowers	10d	SFDR	201
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws	24a	SFDR, Benchmark Regulation	201
ESRS G1-4 Standards of anti-corruption and anti-bribery	24b	SFDR	201 f

[1] Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (L 317, 12.9.2019, p. 1).

[2] Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 (Capital Requirements Regulation) (L 176, 6.27.2013, p. 1).

[3] Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No. 596/2014 (L 171, 6.29.2016, p. 1).

[4] Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No. 401/2009 and (EU) 2018/1999 (“European Climate Law”) (L 243, 7.9.2021, p. 1).

[5] Not material

1.10 List of the disclosures requirements in ESRS covered by the Sustainability Statement

2. Environmental Information

2.1 ESRS E1 Climate change

2.1.1 Impact, risk, and opportunity management

Greenhouse gas emissions arise due to HORNBACH's business activities and are attributable above all to the upstream value chain in the manufacture and transport of products, as well as during the product utilization phase in the downstream value chain, and in own operations. For HORNBACH, the key focus is on protecting resources, an approach which it pools with its endeavors relating to ecological topics. This also involves climate change adaptations, i.e. anticipating how tomorrow's retail locations, product ranges, and supply chains will be structured to ensure that they are resilient and stable as climatic conditions change. With regard to climate change, HORNBACH is pursuing the 1.5-degree target by reducing CO_2e emissions in Scopes 1 and 2. Following the first measurement of all Scope 3 greenhouse gas emissions in the 2024/25 financial year, an analysis is to be performed for the largest categories to identify how greenhouse gas emissions can be reduced. With regard to the topic of energy, in its own operations HORNBACH is focusing on structuring its work processes as efficiently and resource-efficiently as possible and on using self-produced renewable energies and energy-efficient technology.

Climate change-related impacts, risks, and opportunities

Based on the double materiality assessment pursuant to the requirements of ESRS 2 "General disclosures", the following impacts, risks, and opportunities were classified as material for the topics of climate change adaptation, climate change, and energy (see "Strategy, business model, and value chain" section of the "General disclosures" chapter).

Climate change adaptation

Given the further advance of climate change, with regard to the topic of "Climate change adaptation" physical and transitional risks were identified as material in own operations and the value chain. For own buildings, one material risk was identified due to the rising risk posed to individual locations by extreme weather events (including flooding) and the associated cost increases resulting from interruptions to operations and repairs (HORNBACH IRO E1.1.a). A further potential material risk results from the transitional risk analysis on account of the modernization required for buildings and mobile assets in order to meet the Paris Climate targets (HORNBACH IRO E1.1.e). One material opportunity results from solid climate change adaptation planning for own operations and the value chains, and from an associated strengthening of the company value by safeguarding HORNBACH's future operating capacity (HORNBACH IRO E1.1.b).

One material risk resulting from the transition to a low-carbon economy is attributable to higher and additional procurement expenses due to direct and indirect carbon prices (HORNBACH IRO E1.1.c). A further risk relates to potentially more difficult or expensive procurement of certain materials in future due to regulations intended to achieve CO_2e reduction targets that also affect important raw materials in the DIY sector (HORNBACH IRO E1.1.d). One material opportunity arises due to changed market preferences upon the transition to a low-carbon economy and the associated further rise in demand for environmentally-friendly and sustainable construction materials and products (HORNBACH IRO E1.1.f).

Climate change

With regard to the topic of "Climate change", one material negative impact results from the use of conventional fuels at HORNBACH locations which contribute to global warming due to greenhouse gas emissions (HORNBACH IRO E1.2.a). Furthermore, a material negative impact arises due to greenhouse gas emissions in connection with the operation of vehicles and other means of transport given the complex logistics network in the upstream and downstream value chains, as well as in own operations (HORNBACH IRO E1.2.b). One material positive impact relates to the reduction in greenhouse gas emissions resulting from efficiency measures and savings in own operations (HORNBACH IRO E1.2.e).

A material negative impact results from the greenhouse gas emissions caused by the production of goods in view of the wide-ranging product range and its energy-intensive manufacturing in HORNBACH's upstream value chain (HORNBACH IRO E1.2.c). The contribution to global warming made by greenhouse gas emissions during the product utilization phase of the wide-ranging product range in the downstream value chain was also identified as a material negative impact (HORNBACH IRO E1.2.d). One material opportunity results from extending the range of resource-efficient products and services within the transition to a low-emission society with changing requirements in construction products and services (HORNBACH IRO E1.2.f).

Energy
One material negative impact identified for the topic of "Energy" is the high volume of energy input and associated burden on the environment due to the use of fossil fuels in the upstream value chain to manufacture the products offered by HORNBACH (HORNBACH IRO E1.3.a). In addition, a material negative impact arises due to the use of fossil-based fuels to transport the goods in the upstream and downstream value chains and in the company's own vehicle fleet (HORNBACH IRO E1.3b). A further material negative impact relates to the share of non-renewable energies used in own operations and the associated burden on the environment (HORNBACH IRO E1.3.c).

In summary, based on the materiality assessment HORNBACH concluded that material impacts, risks, and opportunities related to climate change exist in its own operations and in the upstream and downstream value chains. The impacts already apply in this reporting period, while the opportunities and risks refer to medium and long-term timeframes. HORNBACH bears an indirect responsibility for the impacts in the upstream and downstream value chains in particular. Given the complexity of supply chains, the company has only limited possibilities to influence these. The process used to identify and assess impacts, risks, and opportunities related to climate change is described in the "Strategy, business model, and value chain" section of the "General disclosures" chapter.

Resilience of strategy and business model to climate change
In the 2024/25 financial year, HORNBACH performed a climate change resilience analysis for all its business activities and locations. This resilience analysis was based on the results of the physical and transitional climate assessment and on the impacts, risks, and opportunities identified in the "Impacts, risks, and opportunities related to climate change" section. The risks and opportunities identified in the analysis which are related to the impacts were analyzed to determine the extent to which HORNBACH is prepared for the changes resulting from advancing climate change. The same climate scenarios and time horizons were considered as in the physical and transitional climate risk assessment. These are described in the "Supplementary information to identify impacts, risks, and opportunities related to climate change" section of the "General disclosures" chapter. Furthermore, the financial effects were based on the risks and opportunities already assumed in the materiality assessment and the transitional climate risk assessment. The following HORNBACH risks and opportunities were considered in the resilience analysis.

Topic	HORNBACH IRO	IRO description	Type of risk / opportunity
Climate change adaptation	E1.1.a	**Risk:** Cost increases due to interruptions to operations and repairs resulting from extreme weather events due to changing climatic conditions at own buildings	Physical risk
Climate change adaptation	E1.1.b	**Opportunity:** Increasing company value with solid climate change adaptation planning, securing economic stability and flexible value chains as the climate changes	Transition opportunity
Climate change adaptation	E1.1.c	**Risk:** Higher, additional procurement costs due to direct / indirect increases in carbon prices	Transition risk
Climate change adaptation	E1.1.d	**Risk:** More difficult / expensive procurement of certain materials due to regulations governing achievement of CO_2 reduction targets	Transition risk
Climate change adaptation	E1.1.e	**Risk:** Modernization requirements at real estate and mobile assets in order to meet Paris climate targets	Transition risk
Climate change adaptation	E1.1.f	**Opportunity:** Changed market preferences due to transition to a low-carbon economy	Transition opportunity
Climate change	E1.2.f	**Opportunity:** New possibilities to extend product range and services offered to save resources	Transition opportunity

Results related to own operations (HORNBACH IROs E1.1.a, E1.1.b, E1.1.e)
HORNBACH has already initiated the first steps to reduce consumption in its own operations consistent with the target of the Paris Climate Agreement and to safeguard a transition to renewable energies. Examples of the actions taken here include optimizing building control technology, converting to LED, the incentive to switch to fully electric company cars, and the construction of photovoltaics systems. Additional actions planned include exchanging heating systems and further electrifying the vehicle fleet. All actions and their respective implementation statuses are described in the “Actions and resources” section. The exchange of heating systems for heat carriers powered by renewable energies and the electrification of the vehicle fleet are dependent on numerous factors, which leads to complex planning. Among others, these include location factors and adequate charging infrastructure, as well as the current status of technological developments and the political framework.

The physical risk assessment led to the identification of locations that might be affected by flooding in the medium and long-term time horizons due to overflowing rivers, storm tides, or severe rain. The modernization requirements for HORNBACH’s locations are currently being further analyzed with due consideration of their climate risks. Here, it is necessary to consider both the physical and the transition risks for the locations to enable them to be modernized with suitable measures, such as photovoltaics systems or renewable heat sources that are consistent with the target of the Paris Climate Agreement, and simultaneously adapted to the changing climate. These actions will be relevant with regard to the medium and long-term time horizons and require detailed consideration in the overall context of the location portfolio. As outlined in the “Actions and resources” section, the current physical risks are covered by insurance at all locations.

Results related to value chain (HORNBACH IROs E1.1.b, E1.1.c, E1.1.d, E1.1.f, E1.2.f)
HORNBACH is already pursuing initial approaches to reduce emissions, minimize risks in the upstream and downstream value chains, and seize the opportunities resulting from changing market preferences. Its actions in this context include offering low-emission articles and products and services that help customers to save resources. In addition, HORNBACH makes information on the topic of resource saving and low-emission construction available to its customers. Initial approaches to cooperate with suppliers on reducing emissions are in place with the binding CSR Standards and the cooperative approaches within the sector-wide “Make it Zero” initiative. Within HORNBACH’s logistics, there are also approaches to reduce emissions by ensuring full transport capacity utilization in cooperation with suppliers. All actions and their respective implementation statuses are described in the “Actions and resources” section.

Reducing greenhouse gas emissions in the upstream value chain is complex and requires cooperation with HORNBACH's business partners. In the 2024/25 financial year, HORNBACH collected information for the first time on its total greenhouse gas emissions in the upstream and downstream value chains (Scope 3). Based on the findings, possibilities for meaningful reductions are being analyzed, a Scope 3 target is being developed, and communications with suppliers on potential reductions and alternative products are being stepped up. These actions should contribute towards minimizing the risks resulting from the transition to a low-carbon economy in the procurement of goods and due to rising carbon prices in the medium and long-term time horizons.

Initial actions and approaches to minimize the risks and seize the opportunities identified are in place both for HORNBACH's assets (own operations) and for its business activities (whole value chain). At the same time, there is still a great need for planning in all areas, as meaningful and efficient reduction and adaptation actions often involve great analytical input. Alongside risks related to the medium and long-term time horizons, such as physical climate risks for the locations and value chains, it is also necessary to continue analyzing procurement risks. In addition, it is necessary to press further ahead with compiling a suitable basis of data in cooperation with business partners. A further result of the resilience analysis is that, in the transition to a low-carbon economy, HORNBACH is, like all other companies, dependent on a reliable political and technological framework to enable it to make meaningful investment decisions.

All of the assets and business activities identified in the resilience analysis as being exposed to risks will be included in the established risk management process and accounted for when planning policies and actions. The risks and opportunities investigated always involve some uncertainties, as they are based on analyses that refer to scientifically based forecasts and scenarios to consider the medium and long-term horizons.

In summary, it can be concluded from the analysis that HORNBACH has the ability to make its business model fit for the future over the short, medium, and long-term timeframes and to help shape the transition to a low-carbon economy.

Policies related to climate change

HORNBACH has backed up large parts of its approach to the impacts, risks, and opportunities related to climate change adaptation, climate change, and energy in relevant policies.

CSR Guidelines as policy related to climate change adaptation, climate change, and energy (HORNBACH IROs E1.1.b, E1.1.e, E1.1.f, E1.2.a, E1.2.d, E1.2.e, E1.2.f, and E1.3.c)

The CSR Guidelines set out the company's approach to the sustainability topics that form part of HORNBACH's five strategic areas of action (see "Strategy, business model, and value chain" section of the "General disclosures" chapter). The topics of climate change and energy also form part of the CSR Guidelines. At base, the CSR Guidelines set out the approach to reducing greenhouse gas emissions at HORNBACH. The first step involves avoiding greenhouse gas emissions by identifying unnecessary areas of consumption. In the second step, the focus is on saving greenhouse gas emissions by reducing energy requirements or switching to renewable energy sources. Where it makes sense, the company should produce its own energy, for example, by installing photovoltaics systems. Offsetting CO_2e emissions is only considered where no other action is effective. Furthermore, the CSR Guidelines additionally defines the attributes for sustainable articles as guiding principles for merchandising. In its current version, the CSR Guidelines do not explicitly account for the topic of "Climate change adaptation".

Guidelines on Energy Saving Potential as policy related to climate change and energy (HORNBACH IROs E1.2.a, E1.2.d, E1.2.e, E1.2.f, and E1.3.c)
One major step on the way towards energy-efficient operations involves reducing energy consumption by changing usage behavior. In view of this, HORNBACH has Guidelines on Energy Saving Potential in its own operations. These guidelines address the topics of electricity, heating and ventilation, building control technology, and the entry of cold air. The guidelines provide both an overview of potential optimizations to building control technology and of smaller-scale upgrades and tips for day-to-day use. The Guidelines on Energy Saving Potential are updated at regular intervals and are available to all staff on the intranet. The operating locations additionally receive the guidelines by e-mail and discussions are held with store managers to share experiences. The store managers are each responsible for implementation. This policy was compiled by maintenance and energy experts at HORNBACH as a set of recommended actions for the operating locations.

Company Car Policy as policy related to climate change and energy (HORNBACH IROs E1.2.b and E1.3.b)
The Company Car Policy creates an incentive to convert to a fully electric vehicle for employees with company cars at HORNBACH Baumarkt AG subgroup and HORNBACH Holding AG & Co. KGaA. It includes an e-mobility bonus for fully electric company cars, as well as a fleet threshold and thus an associated CO_2e component. The e-mobility bonus comprises a monthly allowance for the use of a fully electric company car in order to offset the respective list prices, which are still higher than cars with combustion engines. The fleet threshold for HORNBACH's fleet of company cars is aligned to the respective thresholds set out in EU Regulation 2019/631 and is adjusted each year. If the fleet threshold is exceeded due to the combustion-driven vehicle selected, the mobility budget is reduced accordingly. The incentive to convert to electric vehicles is intended to reduce greenhouse gas emissions in the vehicle fleet at HORNBACH Baumarkt AG and to promote a first step in the transition to renewable energies. The Company Car Policy is made available to the relevant employees on the intranet. Responsibility for implementing the policy is incumbent on vehicle fleet management at HORNBACH Baumarkt AG Subgroup. At HORNBACH Baustoff Union Subgroup, a new Company Car Policy that also accounts for the topic of electric vehicles is currently being designed.

CSR Standards as policy related to climate change and energy (HORNBACH IROs E1.2.c, E1.2.d, and E1.3.a)
The CSR Standards are forwarded to existing and new business partners for them to sign. The general approach is described in the "Strategy, business model, and value chain" section of the "General disclosures" chapter. The CSR Standards call on business partners to work on an ongoing basis and at their own initiative to reduce energy consumption in their own value chains. This represents an initial approach in the company's cooperation with business partners, one that may lead to reductions in emissions as a result of energy efficiency and the use of renewable energies in the upstream value chain.

Policies related to climate change adaptation (HORNBACH IROs E1.1.a, E1.1.c, and E1.1.d)
Managing risks and opportunities related to climate change adaptation with suitable policies requires a robust basis of data and well-considered planning that accounts for numerous factors and uncertainties. To enable it to compile meaningful policies, HORNBACH is currently analyzing those topics identified as material in connection with HORNBACH IRO E1.1.a, E1.1.c, and E1.1.d which present a risk or an opportunity in the transition to a low-carbon economy.

2.1.2 Transition plan for climate change mitigation

As outlined in the "Targets" section, consistent with the targets of the Paris Climate Agreement and current scientific findings, HORNBACH has set itself the target of reducing its direct emissions from own operations (Scopes 1 and 2) by 42% by 2030/31 compared with the 2021/22 base year. To meet this target, the company is currently compiling a transition plan that lays down the decarbonization levers and their contribution towards achievement of this target. The plan is to be compiled in the short to medium term. The transition plan is being based on the approach towards reducing emissions laid down in the CSR Guidelines, namely "avoid, reduce, self-produce". HORNBACH's Scope 3 greenhouse gas emissions were recorded for the first time in the 2024/25 financial year. As outlined in the "Targets" section, the company is working on this basis to set targets for indirect greenhouse gas emissions. Building on the findings, it will then be possible to extend the transition plan accordingly.

2.1.3 Targets

Target related to reduction in Scopes 1 and 2 (HORNBACH IROs E1.1.b, E1.1.e, E1.2.a, E1.2.b, E1.2.e, E1.3.b, and E1.3.c)
Consistent with the 1.5° target, HORNBACH is pursuing the target of reducing its Scope 1 and 2 emissions by 42 percent by 2030/31 compared with 2021/22. The target includes all Scope 1 and 2 emissions and considers these on a cumulative basis.

In keeping with the approach promulgated by the Science Based Target initiative (SBTi), the calculation of the target has been based on current scientific insights. This initiative mobilizes companies to set science-based targets based on achievement of the 1.5° target and thus to contribute towards the transition to a low-carbon economy. The SBTi methodology is based on the latest findings of the Intergovernmental Panel on Climate Change (IPCC) concerning the remaining carbon budget. On the basis of this data, the SBTi develops reduction pathways to achieve the 1.5° target for various sectors, as well as a cross-sector reduction pathway, within the remaining carbon budget. The SBTi's cross-sector reduction pathway was used to calculate HORNBACH's reduction pathway. Those CO_2e emissions resulting from future organic growth are additionally reduced. The target thus corresponds to current scientific insights. Its calculation however, has not been validated by the SBTi or any other external review body. The calculation is based on HORNBACH's climate balance sheet, which is compiled each year in accordance with the principles of the GHG Protocol and accounts for the inventory boundaries for Scope 1 and 2. To calculate the SBTi target, the Scope 1 and 2 emissions from the 2021/22 base year were referred to in line with the market-based approach. To ensure that the base value is representative, the results were compared with the results of the previous year and of subsequent years. The reduction pathway was calculated both separately and cumulatively for Scope 1 and Scope 2.

For HORNBACH, this calculation resulted in a total reduction (Scopes 1 and 2) of 42% by 2030/31, corresponding to an annual reduction of 4.67%. That means a total reduction of 28,746 tonnes of CO_2e. In the 2021/22 base year, 68,443 tonnes of CO_2e were emitted in Scopes 1 and 2. By 2030/31, these emissions should be reduced to 39,697 tonnes of CO_2e. To review the target achievement status, the reduction achieved each year compared with the previous year and the base year is calculated based on the latest figures in the climate balance sheet. Variances are analyzed, with the responsible departments assessing whether the actions, policies, or technologies used require adjustment or have to be newly compiled. The planned annual reduction of 4.67% was not achieved in the 2024/25 financial year. The most important actions deployed and planned to achieve the reduction target are described in the “Actions and resources” section. The reduction achieved to date is presented in the following table:

	Base value	Target value	Planned annual reduction in %	Reduction achieved to date in %[1)]
Reduction in Scope 1 and 2 greenhouse gas emissions by 42% by 2030/31 compared with 2021/22	68,443	39,697	4.67	5.87

1) Cumulative reduction achieved since 2021/22 in %

The method used to calculate the target is analogous to the previous year. Scientific insights into climate change and its impacts are continually advancing. Significant changes in the status of the science in future may also lead to HORNBACH’s target being adjusted. The calculation of the reduction achieved in greenhouse gas emissions is not validated by any third party.

With the stipulated reduction in greenhouse gas emissions in its own operations, HORNBACH is making a contribution to the politically agreed climate targets, assuming responsibility for its directly caused emissions, and reducing its impacts. Furthermore, the target is consistent with the Sustainable Development Goals (SDGs) of the United Nations (UN), and in particular with Goal 13 “Climate action” and Goal 15 “Life on land”. Here, HORNBACH is ensuring an energy-efficient structure for processes at the company and for a gradual transition to renewable energies in the energy utilized for own operations. The approach taken to these reductions is laid down in the CSR Guidelines, as already described in the “Policies related to climate change” section. No external stakeholders were involved in the target-setting process. By calculating the target in accordance with the latest scientific insights, HORNBACH has nevertheless ensured that interested stakeholders can transparently understand the process.

Targets related to Scope 3 emissions (HORNBACH IROs E1.2.b, E1.2.c, E1.2.d, E1.3.a, and E1.3.b)

HORNBACH’s Scope 3 greenhouse gas emissions were fully recorded for the first time in the 2024/25 financial year. Within the “Make it Zero” initiative of the European DIY Retail Association and the Global Home Improvement Network (EDRA/Ghin), HORNBACH has committed itself to developing a Scope 3 emissions reduction target that is compatible with the Paris Climate Agreement within the next two years. As described in the “Actions and resources” section, moreover, HORNBACH has committed itself within the initiative to actively work towards ensuring that its relevant business partners set Scope 1 and 2 targets that are compatible with the Paris Climate Agreement within the next five year. As the Scope 3 data was measured for the first time in the 2024/25 financial year, no processes are currently yet in place to measure the effectiveness of current actions and policies related to material IROs.

2.1.4 Actions and resources

Location insurance as action related to climate change adaptation (HORNBACH IRO E1.1.a)
HORNBACH's physical climate risk assessment identified some locations that may be affected by flooding in the medium and long-term time horizons due to overflowing rivers, storm tides, or severe rain. To mitigate the financial effects, the locations are insured with policies covering interruptions to operations, goods and contents at the stores.

Preparations upon weather alerts as action related to climate change adaptation (HORNBACH IRO E1.1.a)
For all HORNBACH locations, the Work Safety function provides employees on location with a list of actions to be performed in the event of weather risks, wind risks, or severe rain. These actions include preparations in the event of weather alerts, such as checking the wind resistance of goods in outdoor sections, the functionality of rainwater runoffs, and measures to secure doors and gateways if applicable.

Exchanging heating systems as action related to climate change adaptation, climate change, and energy (HORNBACH IROs E1.1.b, E1.1.e, E1.2.a, E1.2.e, and E1.3.c)
One of the most important levers to reduce greenhouse gas emissions in own operations involves exchanging heating systems for heat carriers powered by renewable energies. This action additionally contributes to reducing enclosed GHG emissions and reduces CO_2e emissions at locations during the utilization stage by using renewable energies. In terms of its planning, this action is dependent on numerous factors, such as the operating lifecycle of a store, the lifecycle and condition of the existing heating system, and the renewable energy sources available at the respective location. Based on the detailed planning thus compiled, existing heating systems can be meaningfully exchanged. In 2024/25, the HORNBACH Baumarkt AG Subgroup compiled plans for exchanging heating systems that are due to be implemented by 2030 and contribute towards achievement of HORNBACH's Scope 1 and 2 target.

Construction of photovoltaics systems as action related to climate change adaptation, climate change, and energy (HORNBACH IROs E1.1.b, E1.1.e, E1.2.a, E1.2.e, and E1.3.c)
As a retailer, HORNBACH has retail locations and logistics centers with large roofs that are suitable for generating renewable energy with photovoltaics systems. This enables the volume of greenhouse gas emissions to be reduced while simultaneously cutting operating costs at the operating locations. The expansion of photovoltaics systems is being promoted in all countries in which the HORNBACH Baumarkt AG Subgroup operates and at the HORNBACH Baustoff Union GmbH Subgroup. By the end of the 2024/25 financial year, 21 photovoltaics systems with capacity of 11,891 kWp were installed. By the 2025/26 financial year it is planned to construct 26 additional photovoltaics systems with 14,217 kWp. The construction and use of photovoltaics is an action to reduce greenhouse gas emissions in own operations and also contributes towards achievement of HORNBACH's Scope 1 and 2 target by 2030/31.

Conversion to LED and optimization of building control technology as action related to climate change adaptation, climate change, and energy (HORNBACH IROs E1.1.b, E1.1.e, E1.2.a, E1.2.e, and E1.3.c)
HORNBACH is deploying LED lighting and building control technology to ensure that operations at its stores are as energy efficient as possible. The conversion in sales areas to LED lighting was already completed in 2021. Other areas at the stores are currently still being converted to LED lighting. In addition, HORNBACH Baumarkt AG is deploying and continually optimizing building control technology at nearly all its stores. This way, HORNBACH ensures that its stores can be operated as resource-efficiently as possible, thus reducing greenhouse gas emissions and cutting operating costs. This action contributes towards achievement of HORNBACH's Scope 1 and 2 target by 2030/31.

Electrification of HORNBACH's vehicle fleet as action related to climate change adaptation, climate change, and energy (HORNBACH IROs E1.1.b, E1.1.e, E1.2.b, and E1.3.b)
The electrification of the proprietary vehicle fleet contributes towards achievement of the Scope 1 and 2 target by 2030/31. This action includes implementation of the Company Car Policy at HORNBACH Baumarkt AG Subgroup (see "Policies related to climate change" section), which creates an incentive to convert to an electric car as a company car, as well as to convert from gas-powered lift trucks to electric lift trucks and the corresponding expansion in the charging infrastructure. The action is being implemented on an ongoing basis, with work also being performed on further possibilities for electrification.

Expansion in charging infrastructure as action related to climate change adaptation, climate change, and energy (HORNBACH IROs E1.1.b, E1.1.e, E1.2.b, and E1.3.b)
In cooperation with various energy providers, the charging infrastructure is being expanded at the stores in all countries in which HORNBACH operates. This is enabling customers to charge their electric cars while they shop. It serves as an initial approach to reduce Scope 3 emissions resulting from customer transport. The expansion has already been largely implemented and is to be completed in the medium term.

Full truck load as action related to climate change adaptation, climate change, and energy (HORNBACH IROs E1.1.b, E1.1.e, E1.2.b, and E1.3.b)
For HORNBACH as a retailer, logistics is a major aspect of its supply chain. Transporting goods, particularly by truck, leads to greenhouse gas emissions. One initial action to reduce these emissions is the cooperation between HORNBACH Baumarkt AG Subgroup and suppliers for delivery of goods to stores based on the "full truck load" principle. Ensuring that trucks are always fully loaded reduces the freight space required, and thus the number of journeys. This action is being implemented in the upstream value chain in conjunction with own operations for the transport of goods from suppliers to locations of HORNBACH Baumarkt AG Subgroup. The action is being performed on an ongoing basis in regular operations and represents an initial approach to reduce Scope 3 greenhouse gas emissions in logistics.

Expansion in resource-saving product ranges as action related to climate change adaptation, climate change, and energy (HORNBACH IROs E1.1.b, E1.1.f, E1.2.c, E1.2.d, E1.2.f, and E1.3.a)
Within its product range, HORNBACH is expanding those product categories that are suitable for use in energy-efficient construction or energy efficiency refurbishment measures. Examples here include product ranges for sustainable energy generation using complete photovoltaics systems, balcony power plants, and micro wind turbines. For their construction and renovation projects, moreover, customers have the possibility of drawing on low-emission products to minimize harmful substances in their living environments as far as possible. These products are labeled with recognized seals, such as Blaue Engel or the seal of the eco-INSTITUT, which are applied for at the responsibility of manufacturers and then placed visibly on the packaging. Furthermore, customers' attention is actively drawn to the energy and water-saving functions of specific products. These actions are ongoing within the continuous development of the product range. The further development of the product range with regard to energy-efficient construction and energy efficiency refurbishment measures helps to reduce the Scope 3 greenhouse gas emissions resulting from the manufacture and use of products.

Expansion in resource-saving services as action related to climate change adaptation, climate change, and energy (HORNBACH IROs E1.1.b, E1.1.f, E1.2.c, E1.2.d, E1.2.f, and E1.3.a)
The range of services relating to tool and transporter leasing and to repairs is increasingly important. With these services, HORNBACH is offering ongoing support to its customers in making longer use of products and in not having to purchase rarely used machinery or tools. In some countries (Germany, Austria, Romania), the company also offers the installation of photovoltaics systems, either via HORNBACH's Trade Service or by acting purely as an intermediary to external partners. The expansion in resource-saving services represents an initial approach to reduce the emissions resulting from the manufacture and use of products.

Expansion in information on saving resources as action related to climate change adaptation, climate change, and energy (HORNBACH IROs E1.1.b, E1.1.f, E1.2.c, E1.2.d, E1.2.f, and E1.3.a)
To supplement the resource-saving products and services offered, the company has further expanded the range of information and advice available at its web shop concerning energy efficiency and generation. This information is intended to assist customers in informing themselves about energy-efficient construction and energy efficiency refurbishment measures and enable them to reach well-informed purchase decisions. The contents are updated and extended with new topics on an ongoing basis. The information provided on energy-efficient construction and energy efficiency refurbishment can help to lower barriers concerning these topics and draw attention to more energy-efficient alternatives for construction and renovation projects.

Establishment of dialog with suppliers within “Make it Zero” initiative as action related to climate change adaptation, climate change, and energy (HORNBACH IROs E1.1.b, E1.1.f, E1.2.c, E1.2.d, E1.2.f, and E1.3.a)
The transition to a low-carbon economy requires low-emission and energy-efficient products, as well as alternative products resulting from low-emission manufacturing. Not only that: It also requires standardized measurement and calculation of product emissions. This enables the actual scope of emissions and of efforts to reduce these to be measured objectively. Both factors require cooperation within the sector on an international level and in cooperation with suppliers. For these reasons, HORNBACH has joined the “Make it Zero” initiative of the global sector association EDRA/Ghin. This initiative has set itself the goal of developing a uniform method to calculate product range-related Scope 3 emissions for DIY stores. Furthermore, the dialog with suppliers aimed at reducing greenhouse gas emissions along the whole of the value chain is to be continually stepped up to facilitate reductions in emissions.

Forwarding of CSR Standards for business partners of the HORNBACH Group as action related to climate change adaptation, climate change, and energy (HORNBACH IROs E1.1.b, E1.1.f, E1.2.c, E1.2.d, E1.2.f, and E1.3.a)
The CSR Standards are forwarded to existing and new business partners for them to sign and return. The general approach is described in the “Strategy, business model, and value chain” section of the “General disclosures” chapter. As outlined in the “Policies related to climate change” section, the CSR Standards also contain requirements relating to environmental standards and call on business partners to reduce their resource input as far as possible. This means that the CSR Standards represent an initial approach to request business partners to reduce their greenhouse gas emissions at their own initiative.

The company did not yet implement any transition plan related to the topics of climate change adaptation, climate change, and energy and involving significant operational expenditure (OPEX) or capital expenditure (CAPEX) in the year under report, as this plan is still being compiled. The most important measures to reduce Scope 1 and 2 emissions involve proprietary generation of electricity, efficiency measures at the retail locations, and the electrification of the vehicle fleet. The estimated savings already achieved with these actions amount to 22,600 tCO_2e, while the savings currently expected from the measures for 2025/26 amount to 27,000 tCO_2e. The contribution made by these actions to reducing CO_2e were estimated by internal experts.

Actions related to climate change adaptation (HORNBACH IROs E1.1.c and E1.1.d)
HORNBACH conducted a climate transition risk assessment for the first time in the 2024/25 financial year. The risks identified include procurement risks resulting from rising carbon prices and price increases for materials subject to legal requirements to achieve the Paris climate target. These risks arise in the medium to long-term time horizons. Given the size of HORNBACH's product range and the different areas affected by these risks, in-depth analysis is require to establish meaningful and effective actions.

2.1.5 Metrics

Energy consumption and mix
HORNBACH requires energy in particular to operate its stores, logistics centers, administration, and its proprietary vehicle pool. In the materiality assessment, the topic of energy was identified as being material in connection with the company's own operations. According to E1-4.38, all sectors listed in Sections A to H and in L of Regulation (EU) 2022/1288 count as "high climate impact sectors". As a retail company, HORNBACH is allocated to Section G which, according to Regulation (EU) 2022/1288, is one of the high climate impact sectors. The sales from retail activities are presented in the segment report in the Notes to the Consolidated Financial Statements.

To collect energy consumption data, the volume of electricity, heat, and fuel consumption is recorded at all locations that are under HORNBACH's operational control. The predominant share of electricity and heat consumption at the HORNBACH Baumarkt AG Subgroup is recorded on an ongoing basis. For several small locations at the Subgroups HORNBACH Baumarkt AG and HORNBACH Baustoff Union GmbH, the electricity and heat consumption is manually recorded once a year. Gaps in the data are filled with time series predictions or degree day figures. The energy mix is evaluated by reference to the information included in invoices from electricity and heat suppliers concerning electricity and heat rates. Fuel consumption is determined partly by evaluating fuel cards based on liter consumption and partly on a cost basis. This data collection is not validated by any external third party. HORNBACH does not currently use any company-specific metrics other than those provided for in the ESRS to monitor material IROs related to the topic of energy. HORNBACH's energy consumption, energy mix, and energy intensity are presented in the following tables:

Energy consumption and mix	2024/25
Fuel consumption from coal and coal products (MWh)	0
Fuel consumption from crude oil and petroleum products (MWh)	47,091
Fuel consumption from natural gas (MWh)	89,723
Fuel consumption from other fossil sources (MWh)	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	57,788
Total fossil energy consumption (MWh) (sum of lines 1 to 5)	**195,412**
Share of fossil sources in total energy consumption (in %)	68 %
Consumption from nuclear sources (MWh)	**14,781**
Share of consumption from nuclear sources in total energy consumptions (in %)	5 %
Fuel consumption from renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh).	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	69,952
Consumption of self-generated non-fuel renewable energy (MWh)	5,822
Total renewable energy consumption (MWh) (sum of lines 8 to 10)	**75,775**
Share of renewable sources in total energy consumption (in %)	27 %
Total energy consumption (MWh) (sum of lines 6, 8, and 13)	**285,968**

Energy intensity per net revenue[1] (in MWH/ Euro million)	2024/25
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors	46.12

1) Net revenues used to calculate energy intensity based on Consolidated Financial Statements (Income Statement of HORNBACH Holding AG & Co. KGaA Group)

GHG emissions

HORNBACH's climate balance sheet, which includes all greenhouse gas emissions in Scopes 1 and 2 and in those Scope 3 categories relevant to the company, is compiled each year based on the principles and requirements of the GHG Protocol for companies. Data collection is based on the principle of operational control. As HORNBACH does not have any at-equity investments or joint ventures, it exercises operational control only on those companies included in the consolidated financial statements (see "Scope of consolidation" in Notes to Consolidated Financial Statements). In collecting data for and calculating all scopes in the climate balance sheet, the company adhered to the accounting standards and calculation principles set out in the GHG Protocol. Critical assumptions were reached based on the principles set out in the GHG Protocol. The activity data-based calculation method was used where possible, particularly for those categories which account for a large share of the climate balance sheet. For major categories for which these data are not available, such as upstream and downstream transport, use was made of the distance-based method. In those cases for which distances were also not available, a fixed kilometer allowance was applied. The cost-based calculation method was used for non-trading goods in particular. Furthermore, projections based on sales in product range categories were used for HORNBACH Baustoff Union. Wherever possible, the calculations were based on activity data, also for those categories which account for a smaller share of HORNBACH's climate balance sheet. Where these data are not available, projections based on expert assumptions were compiled.

Where national requirements apply to the procurement of green electricity, these are implemented (e.g. in Austria). In all other cases, the individual supplier mix is procured. The emission factors used for market-based greenhouse gas emissions in Scope 2 are based on the latest available emission factors of the electricity and district heat providers. Location-based greenhouse gas emissions in Scope 2 are calculated using current emission factors from the International Energy Agency (IEA), while for Scope 1 reference is made to the current emission factors from the Department for Business, Energy & Industrial Strategy (DBEIS). For Scope 2 greenhouse gas emissions it is not possible to report the share of biomass or the share of biogenic CO_2 emissions, as these do not form part of the information made available by providers. The same applies to the emission factors used for location-based emissions. Based on the data currently available, it is not possible to state biogenic CO_2 emissions from incineration or from the biodegradation of biomass arising in the upstream and downstream value chains separately from Scope 3 gross GHG emissions. In calculating the climate balance sheet and selecting the emission factors used, HORNBACH works together with experts who have longstanding experience of climate reporting. These experts select suitable emission factors based on their representative nature, precision, up-to-dateness, geography, standard conformity, and data availability. Internal data collection is not reviewed by third parties. In calculating Scope 3 categories in the upstream and downstream value chains, HORNBACH is significantly dependent on information from its suppliers and service providers. Around 86% of the data used to calculate from Scope 3 are provided by our business partners.

The Scope 3 categories material to HORNBACH, their reporting boundaries, and the calculation methods used are presented below.

HORNBACH measures the indirect CO_2e emissions arising in the upstream and downstream value chains. Of the 15 Scope 3 categories included in the GHG Protocol, 11 categories were defined as material. Categories 10, 14, and 15 are not relevant. Category 8 is included in Scopes 1 and 2.

Category 1: Purchased goods and services
This category includes the trading goods, non-trading goods, packaging, and water consumption at the HORNBACH Baumarkt AG and HORNBACH Baustoff Union GmbH Subgroups. It also includes the cloud services for the two Subgroups. Trading goods at the HORNBACH Baumarkt AG Subgroup account for the greatest share of the category. Purchased goods are calculated based on weight data. Any weights not available are projected. Emissions from trading goods at the HORNBACH Baustoff Union GmbH Subgroup are calculated based on sales. This approach is also used for packaging. Non-trading goods at both Subgroups are calculated based on the costs incurred. Emissions from water consumption are calculated based on actual water consumption figures. Where these are not available, estimates are compiled for the locations. The emission factors currently available in databases such as Ecoinvent or Ökobaudat were used for the calculations.

Category 2: Capital goods
This category includes HORNBACH's IT services, construction, motor vehicles, furniture, and goods and is calculated using the cost-based method. The emission factors are based on Ewers et al. (2023).

Category 3: Fuel and energy-related activities (not included in Scope 1 or Scope 2)
This category includes heat and electricity consumption at all locations under HORNBACH's operational control. The calculation was based on the emission factors currently available from DBEIS and IEA.

Category 4: Upstream transportation and distribution
This category includes all transports between suppliers and HORNBACH and within HORNBACH for purchased and sold products with the exception of upstream return deliveries. The calculation draws on the distance-based approach based on weights and distances or kilometer allowances. The calculation for transports of non-trading goods is based on costs incurred. Reference was made in the calculations to the emission factors currently available from the Smart Freight Center.

Category 5: Waste generated in operations
This category comprises all waste generated in HORNBACH's operations and is calculated based on the volumes incurred. Where no volume figures are available, these are calculated on the basis of bulk weights. The emission factors referred to are those currently available from Ecoinvent and Eurostat.

Category 6: Business travel
This category covers all business travel at the HORNBACH Group. The CO_2e emissions are calculated using the cost-based method. Assumptions are made concerning the use of transport means. The emission factors used are based on Ewers et al. (2023).

Category 7: Employee commuting
This category includes the journeys made to and from work by all of HORNBACH's employees. The CO_2e emissions are calculated based on the number of days at the workplace and on German commuter statistics (Destatis).

Category 9: Transportation and distribution of sold products
This category comprises self-transport by customers, transport directly from the supplier to the customer and the warehousing of goods at external parties. Like in Category 4, use was made of the distance-based method based on weights and distances. Energy consumption data was referred to when calculating warehousing. The emission factors used come from the Smart Freight Center.

Category 11: Use of sold products
This category includes all sold goods that cause emissions during their use stage. By analogy with Category 1, the greatest share of this category is attributable to trading goods at HORNBACH Baumarkt AG. The calculation uses the activity-based method based on the respective wastes. The calculation draws on the emission factors currently available from databases such as Ecoinvent or Ökobaudat. For HORNBACH Baustoff Union, the emissions are calculated using the cost-based method.

Category 12: End-of-life treatment of sold products
This category comprises all sold products. By analogy with Category 1, the greatest share is attributable to HORNBACH Baumarkt AG. The calculation is performed using the activity-based method based on the respective weights. The calculation drew on emission factors currently available from databases such as Ecoinvent or Ökobaudat. Unavailable weights are projected. For HORNBACH Baustoff Union, the emissions are calculated using the cost-based method.

Category 13: Downstream leased assets
This category covers all leased buildings and spaces. Based on the volume of space let, estimates of electricity and heat consumption are compiled, on the basis of which their respective CO_2e emissions are calculated. The calculation drew on the emission factors currently available from DBEIS and IEA.

The results of HORNBACH's climate balance sheet are used to measure reductions related to HORNBACH's IROs E1.1.b, E1.1.e, E1.2.a, E1.2.b, E1.2.e, E1.3.b, and E1.3.c (see "Targets" section).

	Retrospective				Milestones and target years			
Scope 1 GHG emissions	Base year (2021/22)	Comparative (2023/24)	**Current (2024/25)**	Change on previous year in %	2025	2030	(2050)	Annual % of target / base year
Gross Scope 1 GHG emissions (tCO_2e)	35,416.6	28,455.1	29,071.6	+2.2 %				
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (in %)								

	Retrospective				Milestones and target years			
Scope 2 GHG emissions	Base year (2021/22)	Comparative (2023/24)	**Current (2024/25)**	Change on previous year in %	2025	2030	(2050)	Annual % of target / base year
Gross location-based Scope 2 GHG emissions (t CO2e)	49,001.1	40,667.1	40,751.7	+ 0.2 %				
Gross market-based Scope 2 GHG emissions (t CO2e)	33,026.3	35,890.5	35,355.6	(1.5) %				

	Retrospective				Milestones and target years			
Significant Scope 3 emissions	Base year (2021/22)	Comparative (2023/24)	Current (2024/25)	Change on previous year in %	2025	2030	(2050)	Annual % of target / base year
Total Gross indirect (Scope 3) GHG emissions (t CO_2e		213,178.5	6,655,036.6					
1 Purchased goods and services[1]		98,046.9	2,842,810.7	> 100%				
2 Capital goods		71,246.0	67,277.7	(5.6) %				
3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)		15,870.9	16,296.7	+2.7 %				
4 Upstream transportation and distribution			250,483.9					
5 Waste generated in operations[2]		5,262.8	5,761.7	+ 9.5 %				
6 Business travel		1,690.1	1,865.2	+ 10.4 %				
7 Employee commuting		21,061.9	21,040.8	(0.1) %				
8 Upstream leased assets		NA	NA					
9 Downstream transportation			43,140.4					
10 Processing of sold products		NA	NA					
11 Use of sold products			3,151,680.6					
12 End-of-life treatment of sold products			252,807.1					
13 Downstream leased assets			1,871.8					
14 Franchises		NA	NA					
15 Investments		NA	NA					

[1] Only one part of the category was calculated in 2023/24; in 2024/25 the category was calculated in full.
[2] Adjustment to figures for 2023/24 financial year due to use of improved emission factors

	Retrospective				Milestones and target years			
Total GHG emissions	Base year (2021/22)	Comparative (2023/24)	Current (2024/25)	Change on previous year in %	2025	2030	(2050)	Annual % target
Total GHG emissions (location-based) (tCO_2e)	105,101.0	282,300.8	6,724,859.8					
Total GHG emissions (market-based) (tCO_2e)	89,126.3	277,524.2	6,719,463.7					

GHG intensity per net revenue[1] (t CO_2e/€ million)	2024/25
Total GHG emissions (location-based) per net revenue	1,083.8
Total GHG emissions (market-based) per net revenue	1084,6

[1] Net revenues used to calculate energy intensity based on Consolidated Financial Statements (Income Statement of HORNBACH Holding AG & Co. KGaA Group)

Greenhouse gas removals and greenhouse gas mitigation projects through carbon credits and internal carbon pricing

In reducing its Scope 1 and 2 greenhouse gas emissions, HORNBACH is following the approach of "avoid, reduce, self-produce". Where no other options are available, the offsetting of Scope 1 and 2 greenhouse gas emissions by recognized climate projects is the final means of choice. At present, HORNBACH does not offset any greenhouse gases by purchasing carbon certificates. HORNBACH also does not remove any greenhouse gases. Internal carbon pricing approaches are in the process of being compiled.

2.2 ESRS E2 Pollution

2.2.1 Impact, risk, and opportunity management

Pollution may arise indirectly in HORNBACH's upstream value chain in connection with the extraction of commodities and manufacture of products. In addition, the wide variety of transport routes in the upstream value chain and on the way to customers also contribute to pollution. HORNBACH's product range include products that comprise shares of substances of concern and products that contain microplastics or may release microplastics due to abrasion.

Particularly for its imported brands and private labels, HORNBACH makes every effort to ensure the best possible quality and to minimize the impact of pollution by carefully selecting manufacturers. In addition, HORNBACH's logistics endeavor to make logistics processes as efficient as possible, for example in order to avoid unnecessary transport journeys.

Pollution-related impacts, risks, and opportunities

Based on the double materiality assessment conducted in accordance with the requirements of ESRS 2 "General disclosures", the following negative impacts in the upstream and downstream value chains were classified as material for the topics of pollution, substances of concern, and microplastics:

Pollution

Given the large share of products in the product range which are based on metal and crude oil, for example, and which may therefore contribute to pollution due to the extraction of commodities and production processes in the upstream value chain, the topic of pollution has been identified as material (HORNBACH IRO E2.1.a). A further negative impact arises due to combustion processes in the international transport of goods (HORNBACH IRO E2.1.b). Furthermore, inappropriate handling or accidents with chemicals and wastewater in the upstream value chain may also lead to pollution (HORNBACH IRO E2.1.c).

Substances of concern

For the topic of substances of concern, the materiality results from the potentially inappropriate storage and handling of substances of concern and the associated potential contaminations in production activities in which large volumes of the substances of concern are used (HORNBACH IRO E2.2.a).

Microplastics

The release of microplastics into the environment (HORNBACH IRO E2.3.a) is material due to products which contain microplastics or which may give rise to microplastics due to abrasion during their use phase (e.g. textiles, manures, pesticides, varnishes, and paint) and due to their transport in the upstream and downstream value chains.

In summary, the materiality assessment determined that material pollution-related impacts may already arise in the short-term time horizon. The causes of potential pollution are located in the upstream and in some cases in the downstream value chains. This results in an indirect responsibility on the part of HORNBACH accompanied by limited possibilities to exert influence due to the complexity of supply chains.

Policies related to pollution

CSR Standards as policy related to pollution (HORNBACH IROs E2.1.a, E2.1.b, and E2.1.c)

The CSR Standards are forwarded to existing and new business partners for them to sign and return. The general approach is described in the “Strategy, business model, and value chain” section of the “General disclosures” chapter. Among other aspects, the CSR Standards include environmental standards which HORNBACH’s business partners commit to comply with. The business partners must ensure that their production activities do not give rise to any soil, water, or air pollution that exceeds established threshold values in the country of production or international standards. Furthermore, the establishment and application of appropriate work safety systems to prevent accidents is required. The policy does not list any specific pollutants.

CSR Guidelines as policy related to substances of concern (HORNBACH IRO E2.2.a)

The CSR Guidelines set out the approach to the sustainability topics that form part of HORNBACH’s five strategic action fields (see “Strategy, business model, and value chain” section of the “General Disclosures” chapter). The merchandising guidelines set out in the CSR Guidelines stipulate the handling of controversial or environmentally harmful substances. They set the objective of replacing controversial or environmentally harmful substances with effective, ecological alternatives. The merchandising guidelines do not list any specific controversial or environmentally harmful substances.

Policies related to microplastics (HORNBACH IRO E2.3.a)

The establishment of meaningful policies related to the topic of microplastics in the upstream value chain (HORNBACH IRO E2.3.a) will require additional information from suppliers and more far-reaching analysis of the possible actions.

2.2.2 Targets

HORNBACH complies with all applicable legal requirements relating to pollution, substances of concern, and microplastics. These include:

- 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 material negative impacts identified relate to the upstream value chain. As HORNBACH only has limited influence on this area, setting meaningful targets is a complex task. Accordingly, establishing effective targets will require further research and analysis of the value chain, scale, and possible actions. As described in the “Actions” section, the effectiveness of existing policies and actions related to material IROs is monitored for auditing and pollutant tests.

2.2.3 Actions and resources

HORNBACH takes a series of actions to minimize negative pollution-related impacts and pollution related to substances of concern.

Audits for HORNBACH's private labels and imported goods as action related to pollution (HORNBACH IROs E2.1.a and E2.1.c)

To reduce the risk of pollution in the upstream value chain in connection with private labels and imported goods, the Quality Management department regularly performs manufacturer audits on behalf of HORNBACH Baumarkt AG with the assistance of certified, accredited, and independent audit institutes. In addition, audits are performed on behalf of HORNBACH Baustoff Union. On the level of the HORNBACH Baumarkt AG Subgroup, factory audits are mainly performed at private label suppliers and at the suppliers of products that are directly imported from non-EU countries. As a general rule, audits that are passed are valid for one year. A renewed audit is then commissioned. Should any failure to comply with 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. At the HORNBACH Baumarkt AG Subgroup, goods deliveries may only be commissioned from those private labels and import suppliers that meet HORNBACH's criteria and have passed all factory audits. Compliance with requirements in the order process for imported articles is safeguarded by the 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. In additions, audits may be initiated for all suppliers listed at HORNBACH as a result of the risk analysis performed in connection with the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG). The audits of HORNBACH's private label and imported goods manufacturers are performed on an ongoing basis.

One aspect of the auditing involves checks performed by the audit institutes to ascertain compliance with environmental standards relating to water, air, and soil pollution. Manufacturer audits minimize the risk of pollution arising at the factories manufacturing imported goods or private label products. In the year under report, three cases became known in which HORNBACH was obliged to terminate its business relationship with suppliers due to these audits.

Forwarding of CSR Standards as action related to pollution (HORNBACH IROs E2.1.a, E2.1.b, and E2.1.c)

The CSR Standards are forwarded to existing and new business partners for them to sign and return. The general approach is described in the "Strategy, business model, and value chain" section of the "General disclosures" chapter. The CSR Standards also include requirements in environmental standards (see "Policies related to pollution" section). The forwarding of the CSR Standards and the associated obligation on the part of business partners to comply with these reduces the risk of pollution in the upstream value chain.

Ordering of full truck loads as action related to pollution (HORNBACH IRO E2.1.b)

One initial measure to reduce deliveries is the "full truck load" principle, which is described in the "Actions and resources" section of the "Climate change" chapter. The effectiveness of this measure is systematically monitored. Fully loaded trucks help to reduce pollution resulting from the road transport of goods from Tier 1 suppliers to the stores of HORNBACH Baumarkt AG in the upstream value chain.

Audits on substances of concern for imported and private label products as action related to substances of concern (HORNBACH IRO E2.2.a)

Given the particular duty of care in the manufacturer's role for imported and private label products, the quality management at HORNBACH Baumarkt AG extends to the whole of the procurement chain. Audits on substances of concern are performed on products with the assistance of independent, accredited, and certified audit institutes. To ensure flawless quality and minimize the pollution load of products, the Quality Management department monitors compliance with environmental legislation and threshold values. Pollutant audits are intended to minimize the risk of products entering circulation whose contents exceed the pollutant threshold values. In the event of pollutant audits not being passed, the Quality Management department takes the necessary corrective measures where applicable, from effecting product improvements to imposing sales stops through to recalling products if errors arise in products already in circulation. These pollutant audits are performed on an ongoing basis within the continuous quality assurance measures. The number of tests depends in each case on the order volume.

Actions related to microplastics (HORNBACH IRO E2.3a)

Establishing meaningful actions is a complex task requiring research into the potential scope for action and more in-depth information on the value chain from suppliers. No action plan involving significant operational expenditure (OPEX) or capital expenditure (CAPEX) was implemented for the topic of pollution in the year under report.

2.3 ESRS E3 Water and marine resources

2.3.1 Impact, risk, and opportunity management

For HORNBACH as a retail company, water resources are of significance in connection with the extraction of commodities and manufacture of products in the upstream value chain. Marine resources also play a relevant role in connection with the extraction of commodities, manufacture of products, and overseas transport in the upstream value chain. Not least by carefully selecting manufacturers, particularly for its imported and private label products, HORNBACH endeavors to minimize potential negative impacts resulting from pollution and thus to protect water resources as far as possible. In addition, by working with efficient logistics processes HORNBACH endeavors to make optimal use of transport capacities and to reduce the number of transport journeys, an approach which may benefit marine resources.

Impacts, risks, and opportunities related to water and marine resources

Based on the double materiality assessment conducted in accordance with the requirements of ESRS 2 "General disclosures", the following impacts in the upstream value chain were classified as material for the topics of water consumption and marine resources:

Water consumption

The contribution to and/or increasing of potential or existing water shortages due to the use of water in production processes in the upstream value chain (HORNBACH IRO E3.1.a) was identified as material, as water represents a relevant component for a significant share of HORNBACH's product ranges and/or is required in production. Due to the global procurement of goods and complex supply chains, moreover, the possibility cannot be excluded that products sold at HORNBACH are also produced in regions already suffering from water shortages.

Marine resources

The transport of goods by ship in the upstream value chain in the context of global procurement, particularly for imported goods, may have negative impacts on marine resources (HORNBACH IRO E3.2.a). Furthermore, given its global procurement and its broad range of construction material products, the harming or endangering of marine resources due to the underwater extraction of commodities (HORNBACH IRO E3.2.b) in the upstream value chain cannot be excluded and is therefore also material. Overall, based on its materiality assessment HORNBACH concluded that negative impacts in the field of water and marine resources exclusively arise as medium-term negative impacts in the upstream value chain. This results in an indirect responsibility on the part of HORNBACH accompanied by limited possibilities to exert influence due to the complexity of supply chains. The process to identify and assess material water and marine resources-related impacts, risks, and opportunities is presented in the "Strategy, business model, and value chain" section of the "General disclosures" chapter.

Policies related to water

CSR Guidelines as policy related to water consumption (IRO E3.1.a)

The CSR Guidelines set out the approach to the sustainability topics that form part of HORNBACH's five strategic action fields (see "Strategy, business model, and value chain" section of the "General disclosures" chapter). One of the overriding sustainability topics addressed by the CSR Guidelines involve the merchandising guidelines, which require no excessive use of water depending on the type of production. This expectation is intended to contribute towards protecting the environment and minimizing water consumption in all areas of the upstream value chain. In cooperation with manufacturers, product designs are also developed and established which, depending on the type of product, account for sustainability attributes such as water-saving functions. The CSR Guidelines help to raise awareness in procurement departments for sustainable aspects in the upstream value chain.

CSR Standards as policy related to water consumption and marine resources (HORNBACH IROs E3.1a and IRO E3.2b)

The CSR Standards are forwarded to existing and new business partners for them to sign and return. The general approach is described in the "Strategy, business model, and value chain" section of the "General disclosures" chapter. The CSR Standards are intended to ensure that business partners work together with HORNBACH both reliably and on a basis of integrity and that they comply with environmental laws and internationally recognized human rights. Among others, the topics addressed in the CSR Standards are intended to raise awareness among business partners and require them to work continually to reduce the deployment and consumption of resources, including water and marine resources, in the manufacture of products along the whole of the value chain. This is intended to avert the potential contribution to or increase in potential or existing water shortages due to the use of water in production processes, particularly in regions already suffering from water shortages and the harming or endangering of marine resources in the upstream value chain.

2.3.2 Targets

The negative impacts identified at HORNBACH (HORNBACH IROs E3.1.a, 3.2.a and 3.2.b) relate exclusively to the upstream value chain. This means that the development of relevant and quantifiable targets for actual IRO management is a complex task. Accordingly, it will first be necessary to further research and analyze the supply chain, scale, and possible actions. To be able to establish effective targets, this process has to be performed both for the manufacture of goods and for their transport across the sea. The effectiveness of current policies and actions related to the IROs addressed by ESRS E3 is currently not reviewed.

2.3.3 Actions and resources

The impacts, risks, and opportunities identified as material in respect of water consumption and marine resources are currently covered by the following actions at HORNBACH (E3-2.15, E3-2.17).

Forwarding of CSR Standards as action related to water consumption and marine resources (HORNBACH IROs E3.1.a and E3.2b)

The CSR Standards are forwarded to existing and new business partners for them to sign and return. The general approach is described in the "Strategy, business model, and value chain" section of the "General disclosures" chapter. The CSR Standards call on business partners to deal with water responsibly in their production in the upstream and downstream value chains. No actions and resources are specified in relation to areas at water risk, including areas of high-water stress.

Due to the complexity of the value chains and HORNBACH's indirect possibilities of exerting influence, the establishment of meaningful actions will require further research to be performed on the scale and possible actions. No action plan involving significant operational expenditure (OPEX) or capital expenditure (CAPEX) was implemented for the topic of water and marine resources in the year under report.

2.4 ESRS E4 Biodiversity and ecosystems

2.4.1 Impact, risk, and opportunity management

With regard to biodiversity, HORNBACH's first priority is always to make efforts to minimize negative impacts as far as possible. Such impacts may arise in the upstream value chain due to the extraction of commodities and their processing and transport. For this reason, HORNBACH calls on its suppliers to minimize negative impacts on biodiversity to the greatest extent possible. As a construction material, the natural commodity of timber, and thus ecosystem services of forests, plays a major role in HORNBACH's product range. In view of this, HORNBACH relies on timber from responsible forestry.

Impacts, risks, and opportunities related to biodiversity and ecosystems

Based on the double materiality assessment conducted in accordance with the requirements of ESRS 2 "General disclosures", the following impacts and risks in the upstream value chain were classified as material for the topic of biodiversity and ecosystems:

The loss of biodiversity due to the conversion of land areas for commodity extraction, the use of monocultures, or land sealing (HORNBACH IRO E4.1.a) was identified as material, as the construction of factories, logistics properties, or roads in HORNBACH's upstream value chain may result in land sealing. Due to HORNBACH's broad range of products based on commodities such as crude oil, metal, etc., the loss of biodiversity resulting from pollution that may arise from production processes, resource extraction, or waste disposal in the upstream value chain (HORNBACH IRO E4.1.b) was also identified as material. The risk of reduced resource availability in the upstream value chain due to the loss of the forest ecosystem service and the associated potential rise in procurement expenses was identified as material (HORNBACH IRO E4.1.c). This risk is attributable to increased climate-related stress, the resultant lowering of resistance to diseases, and the spread of invasive species and pests in forests. These factors may reduce the quality and volume of timber available, which may in turn result in financial effects in the medium term due to higher procurement expenses.

In the materiality assessment, the company's own locations were investigated in terms of negative impacts on biodiversity. In the 2024/25 financial year, HORNBACH did not have any locations in or close to biodiversity sensitive areas. Taking due account of the company's activities, also with regard to soil sealing at the respective locations, the impacts on biodiversity were therefore not assessed as material. The impacts on biodiversity in own operations due to land degradation or desertification have not been investigated to date as, given the geographical sites of the locations, no material impacts are expected. None of HORNBACH's activities are known to impact on threatened species.

In summary, the materiality assessment determined that material impacts and risks arise or are caused in HORNBACH's upstream value chain in the medium-term time horizon. The process to identify and assess the impacts, risks, and opportunities related to biodiversity is described in the "Strategy, business model, and value chain" section of the "ESRS 2 General disclosures" chapter.

Policies related to biodiversity and ecosystems

HORNBACH's approach to impacts and risks related to the topic of biodiversity and ecosystems is governed by the following policies.

CSR Standards as policy related to biodiversity and ecosystems (HORNBACH IROs E4.1.a, E4.1.b, and E4.1.c)

The CSR Standards are forwarded to existing and new business partners for them to sign and return. The general approach is described in the "Strategy, business model, and value chain" section of the "General disclosures" chapter. Referring to the Kunming Montreal Global Biodiversity Framework, in its CSR Standards HORNBACH obliges its business partners to work continually and at their own initiative to monitor and reduce their ecological footprint. By optimizing production processes, the use and consumption of land resources is to be reduced throughout the supply chain or to be avoided by way of corresponding processes or measures. The CSR Standards also set out requirements relating to timber and products containing timber. If the timber or the products containing timber do not come from the EU, FSC® certification must be provided to document environmentally and socially compatible forestry.

As described in the "Policies related to pollution" section of the "Pollution" chapter, the CSR Standards also oblige business partners to ensure that their production activities do not give rise to any soil, water, or air pollution that exceeds the established threshold values for the country of production or international standards. Furthermore, the CSR Standards oblige business partners to account for the social consequences of environmental harm, particularly with regard to health, access to resources, and the rights of indigenous communities.

CSR Guidelines as policy related to biodiversity and ecosystems (HORNBACH IRO E4.1.a)

The CSR Guidelines set out the approach to the sustainability topics that form part of HORNBACH's five strategic action fields (see the "Strategy, business model, and value chain" section of the "General disclosures" chapter). The merchandising guidelines within the CSR Guidelines stipulate the handling of controversial or environmentally harmful substances that might also affect biodiversity. This way, HORNBACH is permanently working to further develop its product range from a sustainability perspective and foregoing controversial or environmentally critical articles such as herbicides containing glyphosate or plants whose cultivation involves the use of neonicotinoids. As HORNBACH does not operate any locations in biodiversity sensitive areas, it does not have any internal policies for this. The same applies for the areas of land use and agriculture and for sustainable processes or policies related to oceans/seas. Equally, HORNBACH currently does not have any policy to manage the traceability of products, components, and commodities which may have material impacts on biodiversity and ecosystems within the value chain.

Resilience analysis for biodiversity

HORNBACH's business activities may influence biodiversity in the upstream chain. The causes for this may include the conversion of land for commodity extraction, the use of monocultures, the sealing of land, pollution due to production processes, or a reduction in ecosystem services. Due to the complexity of its value chains and its international procurement, HORNBACH can neither exclude such influences nor precisely state where and to what extent such impacts may arise. Given this initial situation, it will be necessary to analyze the actual impacts more closely. Here, HORNBACH is reliant on its business partners as it is only able to influence its upstream value chain indirectly.

Biodiversity is a complex topic that is difficult to measure and that involves numerous dependencies and interactions. Unlike for the topic of climate change, for biodiversity there is as yet no standard framework analogous to the GHG Protocol to stipulate metrics and calculation methods. For this reason, in a first step it is necessary to define meaningful biodiversity metrics to ensure targeted data collection from business partners enabling products to be meaningfully assessed. HORNBACH also depends on cooperation with its business partners when it comes to devising meaningful actions and targets based on value chain information on biodiversity impacts.

Resilience analysis on the topic of biodiversity and ecosystems was performed in the 2024/25 financial year. This was based on the risk identified in the materiality assessment, which accounted for all physical, transition, and systemic risks. The materiality assessment also accounts for all of HORNBACH's business activities in the whole of the value chain. As no material risk and opportunities were identified for HORNBACH's own operations, these do not form part of the resilience analysis. The time horizons used are consistent with the short-term, medium-term, and long-term time horizons in the ESRS. No external stakeholders have been involved to date.

HORNBACH is pursuing two possible actions in terms of reducing impacts on biodiversity in the upstream value chain: Obliging its business partners by way of its CSR Standards to monitor and reduce their ecological footprint at their own initiative and reducing the use of land area, which is one of the greatest factors driving the loss of biodiversity, as far as possible. On the other hand, a positive impact on biodiversity may arise due to interactions resulting from reductions in greenhouse gas emissions. Climate change is one of the greatest drivers of biodiversity loss, as climate heating changes living conditions, for example, or creates new risks for flora and fauna. This means that if HORNBACH and its business partners actively work on reducing their emissions, then this may have a positive impact on biodiversity in the upstream value chain (see "Targets" section of the "Climate change" chapter).

The resilience analysis analyzed HORNBACH IRO E4.1c, which describes the possibility of lower resource availability due to the loss of the forest ecosystem service in the upstream value chain. Given current developments in the climate and the spread of invasive species, increasing pressure on the availability and quality of timber and a resultant noticeable increase in price pressure would appear to be possible in the medium term. The risk of increased costs due to a reduced supply of timber originates in the upstream value chain and may have financial effects for HORNBACH.

To counter this risk, in a first step HORNBACH extended its CSR Standards to include the topics of sustainability and resource protection. In addition, FSC certification for timber from non-EU countries is a requirement placed in business partners to ensure that timber comes from sustainably managed sources. With regard to the implementation of the EU Deforestation Regulation (EUDR), which is intended to minimize deforestation and forest degradation, a further measure to safeguard responsible timber procurement is being implemented at HORNBACH. At the same time, HORNBACH is continually working to reduce its greenhouse gas emissions and is expanding its dialog with its suppliers with regard to Scope 3 in order to create potential positive impacts on biodiversity. Based on the actions taken and those in implementation to minimize this risk, HORNBACH is currently resilient, not least given the potential medium-term nature of the risk. Given its origins in the upstream value chain, further potential actions to minimize this risk have to be further analyzed in cooperation with suppliers.

2.4.2 Targets

The material biodiversity-related impacts and risks identified are located in the upstream value chain. Due to the complexity of value chains and the absence of standards to measure biodiversity metrics, it will be first be necessary to establish measurement methods enabling the actual scale of biodiversity-related impacts to be measured in cooperation with business partners. Compliance with the requirements for FSC® certification of products made of or containing timber from non-EU states is reviewed by the Quality Management department in the article listing process.

2.4.3 Actions and resources

HORNBACH has so far established the following actions for the impacts, risks, and opportunities related to biodiversity and ecosystems.

Forwarding CSR Standards as action related to biodiversity and ecosystems (HORNBACH IROs E4.1.a, E4.1.b, and IRO E4.1.c)

The CSR Standards are forwarded to existing and new business partners for them to sign and return. The general approach is described in the "Strategy, business model, and value chain" section of the "General disclosures" chapter. The requirements in environmental standards stipulated in the CSR Standards should reduce the risk of excess land use and pollution arising in the upstream value chain for HORNBACH's product range. To date, no cases of ecosystem damage arising in HORNBACH's value chain are known of. For this reason, there are no measures at HORNBACH to remedy damaged parties.

Implementation of EUDR as action related to biodiversity and ecosystems (HORNBACH IRO E4.1.c)

From December 2025, HORNBACH will be obliged to comply with the EU Deforestation Regulation (EUDR). This is intended to systematically counter deforestation, a development which could have a positive impact on existing forests and biodiversity. By establishing the required digital infrastructure and due diligence processes, HORNBACH is currently making detailed preparations to meet its due diligence obligations to ensure a deforestation-free supply chain consistent with this legislation on an ongoing basis from December 2025.

No action plan involving significant operational expenditure (OPEX) or capital expenditure (CAPEX) was implemented for the topic of biodiversity and ecosystems in the year under report. No indigenous knowledge or nature-based solutions were involved.

2.5 ESRS E5 Circular economy

2.5.1 Impact, risk, and opportunity management

For HORNBACH, resource flows and use within the meaning of the circular economy mean maintaining the value of products, materials, and other resources for as long as possible and enhancing their efficient use in production and consumption. This relates to the products which HORNBACH procures and sells and their use throughout their lifecycles through to their end of life. HORNBACH's ambition is to continually develop its product ranges further from a sustainability perspective and to review and enhance the reparability, re-usability, and recyclability of the products and raw materials. In the context of a circular economy, the company's waste also offers opportunities for re-use. That is why the HORNBACH Group operates a holistic waste concept which promotes the separation, and thus the re-use, of resources as secondary commodities while simultaneously minimizing the volume of non-recyclable materials.

Impacts, risks, and opportunities related to resource use and circular economy

Based on the double materiality assessment conducted in accordance with the requirements of ESRS 2 "General disclosures", the following impacts, risks, and opportunities in the upstream and downstream value chains were classified as material for the topics of resource inflows, resource use and waste:

Resource inflows and use

With regard to the topic of resource inflows and use, the increased use of resources in the upstream value chain due to "linear" or conventional product design (e.g. due to limited reparability, etc.) and the use of non-renewable commodities (HORNBACH IRO E5.1.a) was identified as a material negative impact. Most of the articles listed by HORNBACH have linear product design. That means that in the upstream value chain the articles were either not designed to be recyclable or not designed with the circular economy in mind, thus limiting reparability and spare parts management.

One material opportunity which was identified involved increasing the resilience of value chains and securing scarce resources by re-using and recycling resources in the upstream and downstream value chain (HORNBACH IRO E5.1.b). The re-use and recycling of materials leads to scarce commodities, such as metals, being available in larger volumes, thus making value chains more resilient. A further material opportunity results from the use of recycled or recyclable materials in the upstream value chain accompanied by suitable communications to account for customers' growing expectations in the topic of "sustainability in DIY stores". This may increase HORNBACH's attractiveness to customers and lead to potential sales growth (HORNBACH IRO E5.1.c).

One material risk involves reputation risks due to customer complaints about materials, e.g. wasted materials (HORNBACH IRO E5.1.d). Reviews are an important source of information for customers before their purchases already and may lead to a purchase not being made if there are negative reviews relating to materials used in an article. This risk arises in the upstream value chain due to increased resource use based on conventional product design. A further material risk results from potentially limited availability or cost increases for commodities due to the scarcity of non-renewable resources or the scarcity of renewable resources such as timber in the upstream value chain (HORNBACH IRO E5.1.e). Scarcity of commodities may lead to procurement problems in the upstream value chain, which may be reflected in price rises and lead to a loss of sales.

Waste

With regard to this topic, the waste arising due to the use of too much packaging, or non-recyclable packaging material (HORNBACH IRO E5.2.a) was identified as a material negative impact. HORNBACH's large product range and the transporting of goods give rise to large volumes of packaging material, mostly in the form of recyclable materials. One material positive impact arises due to the resources saved with the re-acceptance program for old batteries, electrical and electronical equipment, and products containing electrical and electronical parts (HORNBACH IRO E5.2.b). With this, HORNBACH supports its customers in suitably disposing of hazardous substances.

Overall, the materiality assessment led HORNBACH to conclude that the impacts, risks, and opportunities related to the circular economy arise in the upstream and downstream value chains. The risk of a shortage of commodities is relevant to HORNBACH particularly in the medium-term and long-term time horizons. Product and packaging design takes place in the upstream value chain, leading to an indirect responsibility on the part of HORNBACH.

Policies related to resource use and circular economy

CSR Guidelines as policy related to resource inflows, resource use, and waste (HORNBACH IROs E5.1.a, E5.1.b, E5.1.d, and E5.2.a)

The CSR Guidelines set out the approach to the sustainability topics that form part of HORNBACH's five strategic action fields (see the "Strategy, business model, and value chain" section of the "General disclosures" chapter). For packaging materials, the merchandising guidelines within the CSR Guidelines set out targeted stipulations. For each product, only that volume of packaging material that is necessary to ensure that the goods arrive safely and undamaged at their destination should be used. To reduce waste, the focus in designing the packaging is on sustainable aspects. For the topic of waste avoidance and recycling in own operations, moreover, the CSR Guidelines call for separating recyclable materials and waste and promoting the re-use of recyclable materials as secondary raw materials.

Packaging pyramid as policy related to resource inflows, resource use, and waste (HORNBACH IROs E5.1.d and E5.2.a)

The packaging pyramid describes the hierarchy applied to packaging: avoid – prepare for re-use – recycle – put to other use (especially energy-related) – remove. It lays down the principles underpinning the resource-effective handling of packaging material at HORNBACH. The packaging pyramid helps to reduce and avoid waste. Moreover, unavoidable packaging should be designed in such a way that it is fully recyclable. Packaging is reviewed in the product range revisions for private labels. For manufacturer brands, talks are held with the manufacturers, as responsibility for packaging is incumbent on the manufacturers. The packaging pyramid should help to protect the environment, reduce and avoid waste, and account for the interests of the natural world as a "silent" stakeholder. It is applicable at the HORNBACH Baumarkt AG Subgroup. The relevant procurement departments are responsible for its implementation. The packaging pyramid is accessible to all staff on HORNBACH's intranet.

Waste primer as policy related to resource inflows, resource use, and waste (HORNBACH IROs E5.1.d, E5.2.a, and E5.2.b)

The HORNBACH Group works with a holistic waste concept. For the Germany region, there is the HORNBACH Waste Primer, which lays down the principles underlying the treatment of waste at HORNBACH. In addition, all operating locations are supported with information on the environmentally compatible disposal of their waste and recyclable materials. The priorities here are on reducing waste and on recording single-origin waste. Furthermore, correct waste separation is explained and illustrated with examples. If the required separation of waste is not complied with, the stores in Germany and Austria are informed. The Waste Primer is intended to help protect the environment and to promote waste avoidance and management and thus account for the interests of the natural world as a "silent" stakeholder. Responsibility for implementing the Waste Primer is incumbent on the store management at the German stores. The Waste Primer is accessible on HORNBACH's intranet.

Policies related to resource inflows and use (HORNBACH IROs E5.1.c and E5.1.e)

Given the size of HORNBACH's product range and the relevance of the circular economy topic to the upstream value chain, systematic analysis is required to identify those areas of the product range that are particularly suitable for the circular economy or which could be affected by a scarcity of resources. In addition, support is needed from business partners to jointly investigate the upstream value chain and to compile new policies relevant to HORNBACH IROs E5.1.c and E5.1.e. Furthermore, meaningful policies aimed at managing the topics of avoiding the use of primary raw materials, using secondary (recycled) raw materials, sustainable procurement, and using renewable resources have to be analyzed and implemented in cooperation with suppliers.

2.5.2 Targets

The circular economy is a complex topic, one which requires consideration of the whole value chain to make products suitable for the circular economy while at the same time reducing waste. One major lever is in the upstream value chain, which HORNBACH can influence only indirectly. Setting measurable, outcome-oriented targets for the circular economy requires cooperation with business partners to jointly analyze the interactions and dependencies between the inflows, use, and outflows of resources. The effectiveness of the policies and actions related to material IROs is currently not monitored.

2.5.3 Actions and resources

Product quality tests on private labels and imported products as action related to resource inflows and use (HORNBACH IRO E5.1.a)

HORNBACH has set itself the standard that all of the products it sells should be of flawless quality. The operating units perform trial samples themselves or have such tests performed by external service providers. These are intended to ensure that product quality is as high as possible. These checks on goods are performed both in production and prior to shipment of the goods, as well as following their arrival at the logistics locations. With the assistance of independent, accredited, and certified audit institutes, the HORNBACH Baumarkt AG Subgroup also performs audits on products to check their safety, harmful substances, and suitability for use and regularly performs checks on articles from the HORNBACH DIY stores and garden centers. In addition, the complaints management process is monitored to enable corrective measures to be taken if necessary. Irrespective of the timing of the audit, such measures may involve improvements to the products at the supplier or manufacturer, a halt on sales, or product recalls. At the HORNBACH Baumarkt AG Subgroup, the "Quality Management and Environment" department is responsible for these audits. At HORNBACH Baustoff Union GmbH, responsibility is incumbent on the procurement departments. HORNBACH Baumarkt AG has high quality standards, particularly for its private label products, which are regularly audited. Products which meet the quality standards contribute to the durability of the private label products, meaning that a corresponding guarantee can be issued for such products.

Spare parts management as action related to resource inflows, resource use, and waste (HORNBACH IRO E5.1.a)

The HORNBACH Baumarkt AG Subgroup supports its customers with suitable spare parts and accessory items from the respective manufacturers to enable them to use the articles they have bought for as long as possible. To this end, the Subgroup offers spare part procurement services from manufacturers for the machines and garden machinery in its product range. This enables the machines to be optimized and wear parts to be replaced. The accessory items are always aligned to the respective machines, with stocks being retained once the machines have been delisted to enable customers to continue purchasing spare parts. Furthermore, HORNBACH also offers its customers traditionally recyclable articles, such as rechargeable batteries or battery-powered torches. These product ranges are offered on a permanent basis.

Products made of recycling materials as action related to resource inflows and use (HORNBACH IROs E5.1.a, E5.1.b, E5.1.c, and E5.1.e)

To reduce waste volumes at the HORNBACH Group, there are initial approaches for recyclable products that arise from the waste and recyclable resources collected in own operations. The rigid plastics or foils collected are processed into recyclate and then turned into water butts or construction foil. Furthermore, fragments of articles such as tiles, bricks, or concrete blocks are collected at the operating locations and processed into recycled gravel. These products are then offered in the product range at HORNBACH Baumarkt AG. Alongside products from its own recyclable materials, the product range at HORNBACH Baumarkt AG also includes products made of recycled materials, such as plant pots or glass wool. These articles are available on a permanent basis until they are delisted.

Articles, services, and communications relating to resource protection as action related to resource inflows and use (HORNBACH IRO E5.1.a)

The HORNBACH Baumarkt AG Subgroup is increasingly building on products and services used in energy-efficient construction or energy efficiency refurbishment. It provides its customers with information about resource-saving projects both online and at its stores, as described in the "Actions and resources" section of the "Climate change" chapter. One part of the product range, for example, involves smart home articles which enable customers to better manage their own energy consumption. In addition, there are traditional energy-saving articles such as windows with multiple glazing, as well as upgrade articles, such as shade blinds which also increase insulation. Furthermore, the HORNBACH Baumarkt AG Subgroup also offers products resulting from resource-efficient production and/or consisting of natural materials, such as insulation systems made of wood fiber, clay paints, or plant pots made of clay. These articles are available at the store or on the web shops until they are delisted.

Deployment of Resource Liners as action related to waste (HORNBACH IRO E5.2.a)

Recyclable resources incurred at the operating locations are forwarded for recycling. To reduce the number of journeys traveled, high-volume materials such as paper and plastics are compressed into balls at the location where they arise. The "HORNBACH Resource Liners" are in operation in large areas of the countries in which HORNBACH operates. They transport recyclable resources from the stores and logistics centers directly to the recycling location, such as paper factories. This way, HORNBACH ensures that the resources can be directly reprocessed. A further benefit is that the trucks are integrated into the store delivery network. This avoids empty runs and stores that are in any case located on the disposal route of the truck can be supplied with the necessary goods.

Online recycling portal as action related to waste (HORNBACH IRO E5.2.a)
To simplify disposal and gain a precise overview of all material flows, HORNBACH operates a proprietary online recycling portal that is used by HORNBACH Baumarkt AG in seven regions and by HORNBACH Baustoff Union in Germany. Each location connected to the portal has an overview of all waste classes and can order punctual and suitable disposal. In addition, the portal serves to manage the collection of proprietary recyclable materials by HORNBACH's fleet of Resource Liners. This action is performed on an ongoing basis at all operating locations.

Forwarding CSR Standards for business partners of the HORNBACH Group as action related to resource inflows, resource use, and waste (HORNBACH IROs E5.1.d, and E5.2.a)
The CSR Standards are forwarded to existing and new business partners for them to sign and return. The general approach is described in the "Strategy, business model, and value chain" section of the "General disclosures" chapter. With regard to the circular economy, HORNBACH calls on its suppliers only to use the necessary volume of packaging. Where possible, this should be made of secondary resources and suitable for recycling.

Improving and reducing packaging as action related to resource inflows, resource use, and waste (HORNBACH IROs E5.1.d and E5.2.a)
Every time that the product range at the HORNBACH Baumarkt AG Subgroup is revised, the packaging of private label products is also reviewed with the assistance of the packaging pyramid described in the "Policies related to resource use and circular economy" section. Reductions in packaging can be achieved, for example by foregoing the use of foil to pack natural stone slabs, by converting to cardboard packaging for paint brushes, as well as by making paint buckets and hardware bags out of recyclate. After such conversion, changes in product packaging are gradually introduced at the stores and online shops in line with the selling off of goods already available. As part of a sector-wide initiative, the HORNBACH Baumarkt AG Subgroup is currently testing a Europe-wide multiple-use system for plant transport packaging. Together with other retailers, the Subgroup is promoting the development of the multiple-use tray as a member of the "Euro Plant Tray" cooperative. In return for a deposit, these multiple-use trays can be used both by customers and by member companies. The aim is to minimize the use of one-way plastic for plant transport packaging across the whole of the sector. In addition, on its website the HORNBACH Baumarkt AG Subgroup offers more detailed information about correct waste separation for its customers, thus enabling packaging to be disposed of correctly and reducing the number of resource cycles.

Reacceptance program as action related to waste (HORNBACH IRO E5.2.b)
Pursuant to the German Electrical and Electronic Equipment Act dated January 1, 2022, HORNBACH is obliged to take back old electronic equipment, batteries, and lights. To ensure environmentally compatible disposal, HORNBACH continually supports its customers by providing information at its stores and on its website.

No action plan involving significant operational expenditure (OPEX) or capital expenditure (CAPEX) was implemented for the topic of circular economy in the year under report.

2.5.4 Metrics

Resource outflows
In its own operations, HORNBACH pursues a holistic waste concept which promotes the separation and thus the re-use of recyclable materials as secondary resources while at the same time minimizing volumes of non-recyclable materials. The waste categories relevant to HORNBACH's activities are presented in the table. The individual categories comprise the following waste/recyclable materials.

Categories	Contents
Waste for recycling	Packaging material, plastic plant pots, carpet waste, garden umbrellas, etc.
Old paint and old varnish	Old paints and old varnishes, including containers
Waste metal	Shelf parts, metal bars, metal straps
Rubble	Masonry, bricks, stones, concrete, tiles, glazed tiles, mortars, waste plaster, clay plant pots
Electrical waste (small and large appliances, cooling appliances, lighting materials)	Large household appliances, small household appliances, tools, printers, fax machines, televisions, fluorescent tubes (normal and special shapes), energy-saving lights (normal and special shapes)
Foil 80/20	PE plastic foils; transparent/colored
Gypsum-based waste	Aerated concrete stones, plasterboard panels
Timber (A1 – A3)	Packaging timber, pallets, clipping residues from cutting, chips, furniture
Compost material / green waste	Flowers, plants, tree and shrub cuttings, bark cork / mulch, plant soil
Plastics (various)	Plant bowls, plastic straps, rigid plastics, polystyrene, PET bottles
Paper, paperboard, cardboard	Cardboard, repackaging/transport packaging, catalogs

The disposal volumes are exported from HORNBACH's recycling portal and are based on volume feedback for the orders. For those disposal volumes arising outside the portal, the volume statistics have been compiled based on the disposal documents or volume statistics provided by service providers and included in the evaluation. Due to a lack of data, the volumes for Romania, Czechia, and Slovakia regions have been projected based on their sales. These metrics currently do not serve to measure performance and effectiveness in connection with the IROs identified.

Recyclable resources and waste in tonnes (rounded totals)	2024/25
Total waste volumes	86,317.56
of which: non-hazardous waste	85,472.65
of which: hazardous waste	844.91
of which: radioactive waste	0.00
Total volume diverted for recycling processes	72,354.32
Preparation for re-use (non-hazardous waste)	3,848.69
Preparation for re-use (hazardous waste)	8.58
Recycling (non-hazardous waste)	54,172.65
Recycling (hazardous waste)	331.87
Other recycling methods (non-hazardous waste)	13,928.15
Other recycling methods (hazardous waste)	64.37
Total volume of waste eliminated	13,963.24
Incineration (non-hazardous waste)	11,354.75
Incineration (hazardous waste)	409.76
Landfill (non-hazardous waste)	1,987.93
Landfill (hazardous waste)	2.87
Other forms of elimination (non-hazardous waste)	180.47
Other forms of elimination (hazardous waste)	27.45
Total volume of non-recycled waste	31,813.04
Percentage share of non-recycled waste	37%

2.6 Disclosures pursuant to Article 8 of Regulation 2020/852 (Taxonomy-Regulation)

2.6.1 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. 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, we report the proportions of taxonomy-eligible and taxonomy-aligned turnover, capital expenditure (CapEx), and operational expenditure (OpEx) for all environmental objectives for the 2024/25 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 2024/25 financial year are summarized in the table below:

	Total in € 000s		Taxonomy-eligible proportion in %		Taxonomy-aligned proportion in %	
	2024/25	2023/24	**2024/25**	2023/24	**2024/25**	2023/24
Turnover	6,199,989	6,160,886	0.8%	0.7%	0.0%	0.0%
Capital expenditure (CapEx)	339,607	236,790	56.3%	39.8%	36.2%	13.8%
Operational expenditure (OpEx)	104,358	101,312	78.1%	78.3%	56.1%	26.9%

2.6.2 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 of 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 Service. 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 2024/25 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.

2.6.3 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 2024/25 financial year reports sales of € 6,199,989k (2023/24: € 6,160,886k) (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 € 32,140k (2023/24: € 30,203k) 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. At the end of the year, sales from the economic activity 5.2 “Sale of spare parts” amounted to € 14,972k (2023/24: € 15,067k).

In the 2024/25 financial year, the Group’s taxonomy-eligible turnover amounted to € 47,112k and was thus at the previous year’s level (2023/24: € 45,270k). Taxonomy-eligible turnover thus accounted for a 0.8% proportion of total turnover (2023/24: 0.7%).

Taxonomy-eligible turnover
With due application of the materiality approach, the proportion of taxonomy-aligned turnover in economic activity 7.3 “Installation, maintenance and repair of energy efficiency equipment” and in economic activity 5.2 “Sale of spare parts” once again amounted to 0% in the 2024/25 financial year.

2.6.4 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) (see 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 2024/25 financial year, total capital expenditure at the Group amounted to € 339,607k (2023/24: € 236,790k). Of capital expenditure, € 17,969k involved intangible assets (2023/24: € 18,483k) (see Note (11) “Intangible assets” in the Consolidated Financial Statements), € 165,919k involved property, plant and equipment (2023/24: € 145,491k) (see Note (12) “Property, plant and equipment, right-of-use assets, and investment property” in the Consolidated Financial Statements), and € 155,720k involved right-of-use assets (2023/24: € 72,815k) (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 2024/25 financial year, an amount of € 6,376k related to an acquisition in the context of business combinations (2023/24: € 73k).

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 to capital expenditure that forms part of a CapEx plan (CapEx b)) and capital expenditure relating 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. Double counting of capital expenditure is excluded by the fact that HORNBACH refers to the financial data from accounting on project or asset level and structures this data based on clear parameters. 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 2024/25 financial year, the Group's taxonomy-eligible capital expenditure amounted to € 191,069k (2023/24: € 94,285k). Of this total, € 45,510k related to property, plant and equipment pursuant to IAS 16 (2023/24: € 29,071k), while € 145,559k involved leases pursuant to IFRS 16 (2023/24: € 65,214k). 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. The increase in right-of-use assets from € 65,214k in the previous year to € 145,559k in the year under report is due in particular to the extension of lease terms for existing lease locations.

Taxonomy-aligned capital expenditure

The capital expenditure in category CapEx b) relates to part of a plan to expand taxonomy-aligned economic activities or to allow taxonomy-eligible economic activities to become taxonomy-aligned ("CapEx plan"). The CapEx plan pursuant to the EU Taxonomy shows the total capital outlays, i.e. the total capital expenditure expected to be incurred in the period under report and during the five-year medium-term planning period to expand taxonomy-aligned economic activities or to allow taxonomy-eligible economic activities to become taxonomy-aligned.

The CapEx plan relates to economic activity 7.7 “Acquisition and ownership of buildings” in the climate change mitigation environmental objective. Of the total taxonomy-aligned capital expenditure of € 114,707k in activity 7.7 “Acquisition and ownership of buildings”, an amount of € 17,106k is allocable to the CapEx plan. The total capital outlays expected to be incurred for this CapEx plan in the period under report and during the five-year medium-term planning period amount to € 24,106k.

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 2024/25 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. The taxonomy-eligible capital expenditure listed in the above table was subject to a review, taking due account of the materiality approach, to ascertain its taxonomy alignment.

The review of taxonomy alignment led to the identification of relevant capital expenditure once again in this financial year. Capital expenditure on property, plant and equipment pursuant to IAS 16 in connection with 3.6 “Manufacture of other low carbon technologies” amounted to € 0k (2023/24: € 661k). Disclosure pursuant to 3.6 is not possible as the necessary documentary evidence from suppliers was not fully submitted. Capital expenditure of € 8,286k was recognized in connection with 7.6 “Installation, maintenance and repair of renewable energy technologies” (2023/24: € 3,434k). The year-on-year increase was due in particular to increased investment in photovoltaics systems. Of the total taxonomy-aligned capital expenditure of € 114,707k for 7.7 “Acquisition and ownership of buildings”, an amount of € 97,601k was attributable to CapEx in category c). The increase to € 97,601k (2023/24: € 28,621k) is due to right-of-use assets relating to taxonomy-aligned buildings due to the extension of the respective lease terms. Furthermore, a substantial contribution could be documented for a higher number of properties at the HORNBACH Group due to updated benchmark data for the primary energy requirements of buildings referred to in determining the upper 15% of national building stocks or regional building stocks. Of the figure of € 97,601k, an amount of € 23,102k relates to existing properties that have become taxonomy aligned due to the update in the benchmark data.

2.6.5 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 2024/25 financial year, total operational expenditure at the Group relevant in connection with the EU Taxonomy amounted to € 104,358k (2023/24: € 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 2024/25 financial year, the Group's taxonomy-eligible operational expenditure amounted to € 81,524k and was thus slightly higher than the previous year's figure (2023/24: € 79,316k).

Taxonomy-aligned operational expenditure

In the 2024/25 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.

All locations were reviewed in the 2024/25 financial year to ascertain their taxonomy alignment. In addition, more existing properties now meet the requirements of 7.7 "Acquisition and ownership of buildings", a development attributable to the updating in benchmark data for primary energy requirements. This enables the buildings to be classified into the upper 15% of national or regional building stocks. The increased number of taxonomy-aligned buildings led to the taxonomy-aligned OpEx reported in connection with 7.7 "Acquisition and ownership of buildings" to increase to € 58,509k (2023/24: € 27,302k). Of this amount, € 29,254k relates to existing properties classified as taxonomy-aligned in the 2024/25 financial year due to the updated benchmarks.

2.6.6 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 economic 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 assessments were performed for all HORNBACH locations. 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) remains the targeted scenario given current national contributions to climate protection. Based on the climate risk assessments performed, no material risk for which the EU Taxonomy would require an immediate adaptation plan was identified for any of the climate hazards listed in the EU Taxonomy. Climate risks with entry dates of 2030 or 2050 were also identified. To account for these, measures for new location developments or replacement locations are being developed (e.g. water householding, soil diversity). For existing properties, adaptation measures have already been accounted for in the existing 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 in good time before the respective risks materialize. The HORNBACH Group is monitoring further developments based on the climate reports of the United Nations and is adapting its approach as appropriate.

1.1.1 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.

These requirements are currently not specified in any Delegated Act. 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.

2.6.7 Explanatory comments on disclosure tables

To disclose the key performance indicators (KPIs) pursuant to the EU Taxonomy, we use the templates stipulated in the annexes to Delegated Regulation (EU) 2021/2178 on taxonomy reporting (status: June 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

Crossed-out fields in the templates do not require filling in.

Note: Discrepancies may arise due to figures being rounded up or down.

Turnover in 2024/25 financial year Economic activities (1)	2024/25 Code (2)	Turnover (3) € 000s	Proportion of turnover (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	Circular economy (8) Y; N; N/EL	Pollution (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) turnover 2023/24 (18) %	Category enabling activity (19) E	Category transitional activity (20) 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 %**		
of which enabling		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 %		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	32,140	0.5 %	EL	EL	N/EL	N/EL	N/EL	N/EL								0.5 %		
Sale of spare parts	CE 5.2	14,972	0.2 %	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0.2 %		
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		**47,112**	**0.8 %**	**0.5 %**	**0.0 %**	**0.0 %**	**0.2%**	**0.0 %**	**0.0 %**								**0.7 %**		
A. Turnover of taxonomy-eligible activities (A.1 + A.2)		**47,112**	**0.8 %**	**0.5%**	**0.0 %**	**0.0 %**	**0.2 %**	**0.0 %**	**0.0 %**								**0.7 %**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of taxonomy-non-eligible activities (B)		6,152,877	99.2 %														99.3 %		
Total (A + B)		**6,199,989**	**100.0 %**														**100.0 %**		

CapEx in 2024/25 financial year Economic activities (1)	Code (2)	2024/25 CapEx (3)	Proportion of CapEx (4)	Substantial contribution criteria Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Circular economy (8)	Pollution (9)	Biodiversity (10)	DNSH criteria ("does not significantly harm") Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Circular economy (14)	Pollution (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1) or taxonomy-eligible (A.2) CapEx, 2023/24 (18)	Category enabling activity (19)	Category transitional activity (20)
		€ 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)																			
Manufacture of other low carbon technologies	CCM 3.6	0	0.0 %	Y	N	N/EL	N/EL	N/EL	N/EL	-	Yes	Yes	Yes	Yes	Yes	Yes	0.3 %	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	8,286	2.4 %	Y	N	N/EL	N/EL	N/EL	N/EL	-	Yes	Yes	Yes	Yes	Yes	Yes	1.5 %	E	
Acquisition and ownership of buildings	CCM 7.7	114,707	33.8 %	Y	N	N/EL	N/EL	N/EL	N/EL	-	Yes	Yes	Yes	Yes	Yes	Yes	12.1 %		
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		**122,993**	**36.2 %**	**36.2 %**	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**	-	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**13.8 %**		
of which enabling activities		8,286	2.4 %	2.4 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	-	Yes	Yes	Yes	Yes	Yes	Yes	1.7 %	E	
of which transitional activities		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	7,873	2.3 %	EL	EL	N/EL	N/EL	N/EL	N/EL								4.1 %		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	7,852	2.3 %	EL	EL	N/EL	N/EL	N/EL	N/EL								3.7 %		
Freight transport services by road	CCM 6.6	3,836	1.1 %	EL	EL	N/EL	N/EL	N/EL	N/EL								2.0 %		
Installation, maintenance and repair of renewable energy efficiency equipment	CCM 7.3	915	0.3 %	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 %	EL	EL	N/EL	N/EL	N/EL	N/EL								0.0 %		
Acquisition and ownership of buildings	CCM 7.7	47,602	14.0 %	EL	EL	N/EL	N/EL	N/EL	N/EL								15.3 %		
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		**68,077**	20.0 %	**20.0 %**	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**								**26.0 %**		
A. CapEx of taxonomy-eligible activities (A.1 + A.2)		**191,069**	**56.3 %**	**56.3 %**	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**								**39.8 %**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of taxonomy-non-eligible activities (B)		148,538	43.7 %														60.2 %		
Total (A + B)		**339,607**	**100.0 %**														**100.0 %**		

OpEx in 2024/25 financial year Economic activities (1)	2024/25			Substantial contribution criteria						DNSH criteria ("does not significantly harm")									
	Code (2)	OpEx (3)	Proportion of OpEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Circular economy (8)	Pollution (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Circular economy (14)	Pollution (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of taxonomy-aligned (A.1) or taxonomy-eligible (A.2) OpEx, 2023/24 (18)	Category enabling activity (19)	Category transitional activity (20)
		€ 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)																			
Acquisition and ownership of buildings	CCM 7.7	58,509	56.1 %	Y	N	N/EL	N/EL	N/EL	N/EL	-	Yes	Yes	Yes	Yes	Yes	Yes	**26.9 %**		
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		**58,509**	**56.1 %**	**56.1 %**	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**	-	-	-	-	-	-	-	**26.9 %**		
of which enabling activities		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 %		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	5,869	5.6 %	EL	EL	N/EL	N/EL	N/EL	N/EL								5.4 %		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	2,358	2.3 %	EL	EL	N/EL	N/EL	N/EL	N/EL								2.1 %		
Freight transport services by road	CCM 6.6	1,495	1.4 %	EL	EL	N/EL	N/EL	N/EL	N/EL								1.7 %		
Acquisition and ownership of buildings	CCM 7.7	13,294	12.7 %	EL	EL	N/EL	N/EL	N/EL	N/EL								42.2 %		
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		**23,015**	**22.1 %**	**22.1 %**	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**								**51.3 %**		
A. OpEx of taxonomy-eligible activities (A.1 + A.2)		**81,524**	**78.1 %**	**78.1 %**	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**								**78.3 %**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of taxonomy-non-eligible activities (B)		22,834	21.9 %														21.7 %		
Total (A + B)		**104,358**	**100.0 %**														**100.0%**		

Table pursuant to Footnote (c) of Delegated Act 2023/2486 Annex V		
	Proportion of turnover / total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
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 %

Table pursuant to Footnote (c) of Delegated Act 2023/2486 Annex V		
	Proportion of CapEx / total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	36.2 %	56.3 %
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 %

Table pursuant to Footnote (c) of Delegated Act 2023/2486 Annex V		
	Proportion of OpEx / total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	56.1 %	78.1 %
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 the disclosure tables presented above, we use the following abbreviations for the six environmental objectives:

- Climate change mitigation: CCM)
- Climate change adaptation: CCA
- Pollution prevention and control: PPC
- Water and marine resources: WTR
- Circular economy: CE
- Biodiversity and ecosystems: BIO

3. Social Information

3.1 ESRS S1 Own workforce

3.1.1 Impact, risk, and opportunity management

Highly motivated and loyal employees are a key prerequisite for the company's success. Sales staff and advisors at the retail locations, for example, play a key role in influencing the satisfaction of customers. HORNBACH would therefore to create a work environment in which all employees have the same opportunities, stay healthy, and are encouraged to take decisions at their own initiative. Given the shortage of specialist staff across large parts of Europe, attracting new employees is a challenge. As well as offering good working conditions, it is therefore essential to provide all employees with attractive further training possibilities and development opportunities. Further information is presented in the "Materiality results" and "Resilience of strategy and business model to material impacts, risks, and opportunities" sections of the "General disclosures" chapter.

Impacts, risks, and opportunities related to HORNBACH's own workforce

Based on the double materiality assessment conducted in accordance with the requirements of ESRS 2 "General disclosures", the following impacts, risks, and opportunities in own operations were classified as material for the topics of working conditions and of equal treatment and opportunities, as well as for the company-specific topic of employee recruitment (see the "Strategy, business model, and value chain" section of the "General disclosures" chapter.

Working conditions

The negative impacts on the health of employees arising due to long working hours, an inability to combine professional and personal commitments, and a lack of health protection and safety were identified as being material (HORNBACH IRO S1.1.a, b, d). The additional stress resulting from an increased workload in the event of high personnel turnover also leads to material negative impacts on employees (HORNBACH IRO S1.1.c). One material positive impact identified was that of secure employment with appropriate working conditions for a constantly growing workforce (HORNBACH IRO S1.1.e). This gives rise to the material opportunity that employee satisfaction and HORNBACH's reputation as an employer will improve and that this may impact positively on sales (HORNBACH IRO S1.1.f).

Equal treatment and opportunity

Discrimination within the workforce may take a variety of forms, such as a gender pay gap (HORNBACH IRO S1.2.a), unequal access to promotion and further development (HORNBACH IRO S1.2.b), or discrimination due to specific personal characteristics (HORNBACH IRO S1.2.c). These factors lead to (mental) stress, dissatisfaction, or to the impairing of career opportunities and were identified as material negative impacts. Equal treatment with regard to skills development was identified as a material opportunity for sales growth as, given corresponding knowledge on the part of employees about an advice-intensive product range, the quality of service may improve at the retail locations (HORNBACH IRO S1.2.e). A further material opportunity results from a working climate that is free of discrimination, as the resultant improvement in the performance and wellbeing of employees may enhance the company's reputation and increase its sales (HORNBACH IRO S1.2.d, and f).

Employee recruitment

Good working conditions with fair remuneration, attractive additional benefits, and a positive corporate culture have material positive impacts on employee motivation, new employee recruitment, and the company's reputation (HORNBACH IRO S1.3.a). In addition, securing the next generation of staff by offering training and development was identified as having material positive impacts for the company (HORNBACH IRO S1.3.b). Material risks result from rising wage and recruitment expenses, or from any inability to fill important key positions in good time (HORNBACH IRO S1.3.c and d). One relevant opportunity to attract the best talents in the market is secured by offering good working conditions and a competitive salary (HORNBACH IRO S1.3.e).

The material impacts, opportunities, and risks outlined above are relevant for the company's own operations and apply equally to all regions in which HORNBACH operates.

Within the meaning of the CSRD, HORNBACH understands its own workforce as including both employees and third-party staff. All individuals in this group may be affected by the company's material impacts. At HORNBACH, a distinction is made between the following types of employees and third-party staff:

- Employees
- Permanent employees (employees in the traditional sense in full-time or part-time positions, including temporary staff)
- Employees in training (trainees, students, interns, working students)
- Third-party staff
- Mediated or transferred employees (e.g. cleaning staff, assembly and stocking assistants at the stores, seasonal staff, IT specialists)
- Self-employed staff (e.g. advisors, IT specialists)

The majority of the company's employees work in operations at the retail locations. In addition, there are employees at the logistics centers and in the administration centers of the Group and the regions. Research shows that activity in the operating business and in logistics is in some cases accompanied by greater impacts and risks than activity in administration centers. That particularly relates to:

- Shift work: Employees at the retail locations and in logistics generally work in a shift model, mostly in three shifts. Shift work is associated with higher health risks and a higher share of days on which employees are unable to work.
- Physical work: Numerous heavy and voluminous goods are sold at the retail locations. Moving these goods is a daily aspect of the work involved, as is supporting customers in loading the goods or transporting them to their cars. Over many years, this constant physical burden can lead to signs of physical wear and tear in the musculoskeletal system unless it is countered with suitable health measures.
- Shortage of specialist staff: Understaffing during shifts may result in additional work being performed by the employees available. Over longer periods, this too can have health-related consequences.

Retail is a sector with a strong focus on interpersonal interactions, relationships, and services. There is therefore a dependency between the company's success and a well-motivated, sufficiently large team. To serve project customers competently, HORNBACH has to succeed in finding sufficient competent employees for its retail locations. The high quality of advice and service significantly influences customer satisfaction and the Group's business performance and position. Any inability to find and retain sufficient numbers of competent employees represents a substantial risk for HORNBACH in all European countries in which it operates.

Good working conditions and a culture of equal treatment and opportunity may contribute to a pleasing working atmosphere and to high employer attractiveness. This benefits all workers, whether as employees or third-party staff, as well as customers. With the exception of a procurement office in Hong Kong, HORNBACH performs its business activities with retail locations, logistics centers, and administration centers exclusively in Europe. All European states have minimum legal standards concerning working conditions and equal opportunities and treatment. In view of this, the regional circumstances and legislation relating to employees are similar. The transition plans to reduce greenhouse gases currently do not have any material impacts, risks, or opportunities for the company's own workforce. Equally, there are no activities or countries or geographical regions where there is a substantial risk of forced labor or child labor in the company's own operations.

Policies related to own workforce

HORNBACH has anchored its approach to the impacts, risks, and opportunities related to the topics of working conditions, equal treatment and opportunity, and employee recruitment in various policies. These refer to the value chain and own operations, and in some cases go beyond these areas. Some of the policies at the HORNBACH Baumarkt AG Subgroup in Germany take the form of company agreements. These company agreements and central company agreements are issued by the Works Council and General Works Council. The election of employee representatives ensures that the wishes and needs of the company's employees are adequately heard. Company agreements apply for employees with the exception of senior executives as defined in the German Works Constitution Act, as these are not covered by the activities of the Works Council. In the interests of equal treatment, the offerings provided by company agreements are nevertheless also available to senior executives. Responsibility for the company and central company agreements is incumbent on the Group HR Director and the Managing Director Germany. No reference was made to external standards when compiling these agreements. The company and central company agreements are accessible to all employees on the intranet. They are not published externally. The policies listed below are reviewed on an ad-hoc basis to ensure that they are appropriate and up-to-date.

"Mobile work" and "Mobile work abroad" as policy related to working conditions and employee recruitment (HORNBACH IROs S1.1.a, S1.1.f, S1.3.a, and S1.3.e)

To improve the compatibility of work and private life, the "Mobile work" policy and its "Mobile work abroad" supplement are intended to structure work more flexibly while at the same time safeguarding constructive cooperation and a team spirit among employees. The "Mobile work" policy is implemented on a Group-wide basis, with each region taking due account of country-specific circumstances. For the HORNBACH Baumarkt AG Subgroup in Germany, both policies have been implemented at the central administration within the framework of a company agreement. The policies do not apply to employees in training or interns. For the latter group, the focus is on conveying skills, knowledge, and ability, as well as on gaining experience. In view of this, mobile work is only possible for a maximum of 40% of weekly working hours. Country-specific agreements for mobile work are in place for Austria, Switzerland, the Netherlands, Sweden, Romania, Czechia, and Slovakia. The mobile work option is also available for administration employees at the HORNBACH Baustoff Union Subgroup.

Timekeeping as policy related to working conditions and employee recruitment (HORNBACH IROs S1.1.a, S1.1.d, S1.1.f, and S1.3.a)

Timekeeping offers employees the opportunity to obtain transparency concerning their surplus/shortfall in working hours and to act accordingly to avert overwork. Agreements governing timekeeping essentially lay down how, and with which system, working hours are recorded. This policy is implemented on a Group-wide basis in accordance with country-specific legal requirements. Automated notifications of managers of any infringements of working hours by the employees within their responsibility enable the company to meet its duty of care. (Central) company agreements on the topic of timekeeping apply for employees at the HORNBACH Baumarkt AG Subgroup in Germany, in central administration, stores, and logistics centers (except for senior executives). Country-specific agreements are in place for Austria, the Netherlands, Luxembourg, Sweden, Czechia, Romania, and Slovakia. Timekeeping is also implemented at the HORNBACH Baustoff Union Subgroup.

Company pension scheme as policy related to working conditions and employee recruitment (HORNBACH IROs S1.1.f, S1.3.a, and S1.3.e)

As one aspect of good working conditions, the HORNBACH Baumarkt AG Subgroup provides its employees with a company pension scheme to supplement the state pension. This policy is implemented on a Group-wide basis in accordance with country-specific legal requirements. In Germany, the company pension scheme takes the form of direct insurance with deferred compensation. A central company agreement governs the framework. Country-specific agreements concerning the company pension scheme are in place for Switzerland, the Netherlands, Sweden, Czechia, and Slovakia, and the HORNBACH Baustoff Union Subgroup.

Voluntary additional benefits as policy related to working conditions and employee recruitment (HORNBACH IROs S1.1.f, S1.3.a, and S1.3.e)

HORNBACH provides an attractive working climate by offering various voluntary additional benefits across the Group. These are addressed in Germany in a central company agreement, and in other countries in local agreements. The benefits offered vary depending on circumstances in the specific country. The following voluntary additional benefits are in place:

- HORNBACH Mastercard (tax-free credit for regional retail shopping)
- HORNBACH Voucher Card (tax-free credit for purchases at HORNBACH)
- HORNBACH Advertising Partner (financial incentive for wearing HORNBACH work clothes on the way to and from work)
- JobBike (bicycle leasing)
- Occupational disability insurance

Profit participation as policy related to working conditions and employee recruitment (HORNBACH IROs S1.1.f, S1.3.a, and S1.3.e)

HORNBACH would like to enable its employees to participate in the company's success and thus help to create a motivating and attractive working climate. The central company agreement on profit participation lays down the specific details governing profit participation for employees of the HORNBACH Baumarkt AG Subgroup in Germany. This offering, which is available across almost the entire Group, is laid down in local agreements in the countries in which HORNBACH operates.

Company integration management as policy related to working conditions (HORNBACH IROs S1.1.b and S1.1.d)

Company integration management is an instrument to promote health and secure employment at HORNBACH Baumarkt AG. The aim is to provide those employees who were unable to work for more than six weeks in a given twelve-month period with individual re-integration options. It applies to employees in Germany and is governed by a central company agreement. Country-specific agreements on company health management are in place in Austria, Switzerland, the Netherlands, and Sweden, as well as at the HORNBACH Baustoff Union Subgroup.

Safety Handbook as policy related to working conditions (HORNBACH IROs S1.1.b, S1.1.d and S1.1.f)
To uphold the protection of employees at the workplace, the basic principles governing safe conduct and work are summarized in the HORNBACH Safety Handbook. This serves as a source of information and is intended to define general safety standards at the retail locations. Compliance with these standards is checked in the context of internal inspections at the retail locations. Work safety at the retail locations can be inspected on a trial-sample basis by way of annual instructions and the documentation of such (see the "Health protection" section of the "Actions and resources" chapter). The Safety Handbook is valid in country-specific form on a Group-wide basis. Responsibility for the Safety Handbook is incumbent on the Work Safety department. No reference was made to any specific third-party standards when compiling the Safety Handbook. The handbook is made available to all employees in Germany as a point of reference. For the other countries in which HORNBACH operates, the handbook serves as a minimum standard and may be extended with country-specific aspects. The same applies if local legislation results in lower standards. Whenever any new requirements or amendments are introduced in the field of occupational health and safety, these are reported to the Work Safety Committee (comprising representatives of operating locations and the Works Council (if in place), the company physician, and work safety specialists), discussed in this committee and then, if necessary, accounted for in amendments to the Safety Handbook. The employees are subsequently informed. The Safety Handbook is accessible to all employees on the intranet.

Policy Statement on Company Due Diligence Obligations and Human Rights in Supply Chains of the HORNBACH Group as policy related to equal treatment and opportunity (HORNBACH IROs S1.2.a-c and S1.2.f)
The Policy Statement on Company Due Diligence Obligations and Human Rights in Supply Chains of the HORNBACH Group (hereinafter: the Policy Statement) calls for universal rights to be respected and thus promotes equal treatment and opportunities in the company's own operations. In all of its business activities, and also within its own workforce, HORNBACH endeavors to ensure that human rights are respected and protected and not to violate or contribute in any way to violations of human rights. HORNBACH aims to avert any potential violation of human rights at an early stage and, if possible, to end or minimize such violation. The topics of worker safety, precarious employment, human trafficking, forced labor, and child labor are addressed on a peripheral basis within the general commitment to respecting universal human rights consistent with international frameworks, such as the ILO Core Labour Conventions. For business partners of the HORNBACH Group, these topics also form a firm component of the company's CSR Standards (see the "Strategy, business model, and value chain" section of the "General disclosures" chapter). The Policy Statement is applicable to all companies in the HORNBACH Group. It explicitly refers to internationally recognized instruments, including the United Nations Guiding Principles on Business and Human Rights. The topics of human trafficking, forced labor, and child labor are explicitly mentioned in the CSR Standards, which are applicable to the direct suppliers of the HORNBACH Group. The relevant requirements nevertheless apply in equal measure to the company's own operations and own workforce. In addition, there are EU-wide regulations governing these topics and national laws and, in the case of Switzerland, a commitment to international standards. No specific policies are in place concerning inclusion or measures to promote groups of employees at particular risk. Further information on the Policy Statement can be found in the "Policies related to value chain workers" section of the "Workers in the value chain" chapter.

HORNBACH Values ("Managers and Staff") as policy related to working conditions, equal treatment and opportunity, and employee recruitment (HORNBACH IROs S1.1.c, S1.1.e, S1.2.a-c, S1.2.f, and S1.3.b).
The HORNBACH Values form the basis for the company's business activities and for employees in their dealings with each other. They are intended to contribute towards a good working climate, as well as to equal treatment and opportunities and aim to create a common basis of values among the company's employees. The document is appended to employment contracts at the HORNBACH Baumarkt AG Subgroup. This way, HORNBACH makes clear from the outset which values and forms of conduct are the foundation for working together. Among other aspects, it is clarified that nobody may be disadvantaged, harassed, or favored due to their gender, nationality, ethnic origin, skin color, religion or worldview, disability, age, or sexual orientation. The key pillars of this value system are honesty, credibility, reliability, clarity, and trust in people. HORNBACH would like to be a reliable employer. These topics are also discussed at introductory events at HORNBACH Baumarkt AG Subgroup, which are held by the HR department and which all new employees are required to attend.

CSR Guidelines as policy related to working conditions and equal treatment and opportunities (HORNBACH IROs S1.1a, S1.2.d, S1.2.e, S1.3.b, and S1.3.c)
Among other topics, the CSR Guidelines address working conditions, equal opportunities, and diversity and is intended to contribute to equal treatment and opportunities and to good working conditions. It is valid for all companies at the HORNBACH Group and explicitly refers to internationally recognized instruments, including the United Nations Guiding Principles on Business and Human Rights. As a Group with activities across Europe and employees from more than 100 countries, creating a working climate that is free of prejudice is important to HORNBACH. Furthermore, the HORNBACH Baumarkt AG Subgroup has signed the "Diversity Charter" and thus publicly committed itself to respect all employees irrespective of their gender, gender identity, nationality, ethnic origin, social origin, religion, worldview, disability, age, or sexual orientation. Further information ("Processes for potential human rights violations") can be found in the "Remedial actions and grievance handling mechanism" chapter. Further information about the CSR Guidelines can be found in the "Strategy, business model, and value chain" section of the "General disclosures" chapter.

Whistleblower Policy as policy related to working conditions and equal treatment and opportunities (HORNBACH IROs S1.2.a-c, S1.2.f, and S1.3.b)
The Whistleblower Policy summarizes the general functionality of HORNBACH's whistleblower system. This may be used by both internal and external parties to report any infringements of national or international law and of (internal) requirements and policies, explicitly with regard to human trafficking, forced labor, and child labor. It serves to provide clear, easily understandable, and publicly accessible information about the availability, relevant responsibilities, and execution of the procedure for complaints relating to human rights and environmental risks and violations in the company's own operations and supply chains. The Whistleblower Policy is valid for companies in the HORNBACH Group and their business partners. External parties can nevertheless also submit reports via the whistleblower system. Responsibility for the policy is incumbent on the Compliance department. The Whistleblower Policy is available within the company in German on the intranet. It is also published in 16 languages on the website of HORNBACH Holding AG & Co. KGaA. Consistent with their respective national legislation, all HORNBACH countries additionally have their own whistleblower policies which are aligned to the contents of the Group's Whistleblower Policy. These are available on the respective national websites, on the intranet, and directly on the homepage of the whistleblower system (depending on the country from which the site is accessed and which language is selected). In the event of human rights violations related to the company's own workforce, remedial actions are taken on an individual basis and adapted to the respective situation in order to minimize or end the harmful impact on the company's own workforce. To date, no incidents of human rights violations in own operations

have arisen, meaning that no actions were required. Further preventative measures, such as ad-hoc training, may be performed to avert future incidents. Further information ("Processes for potential human rights violations") can be found in the "Remedial actions and grievance handling mechanism" chapter.

Engagement with own workers and workers' representatives

Integrating the perspectives of the company's own workforce relates on the one hand to the passing on of experience gained in the operating business, particularly with regard to customers' wishes and needs, and on the other hand to their own working conditions (see the "Interests and views of stakeholders" section of the "General disclosures" chapter). Given the variety of legal and contractual foundations in the respective companies, the process for engaging with workers' representatives and the workforce is managed on a decentralized basis. At HORNBACH Baumarkt AG in Germany, the appropriate representation of employees is ensured by way of a General Works Council, works councils at almost all German locations, and the inclusion of equal numbers of employee and shareholder representatives in the Supervisory Board of HORNBACH Baumarkt AG. Consistent with the German Works Constitution Act, HORNBACH cooperates with all of its works councils on a basis of trust. Luxembourg, the Netherlands, and Sweden also have employee representation on country level, and in some cases also at individual locations.

Workers' representatives regularly exchange information with the Board of Management, thus enabling the concerns of the workforce to be factored into decisions. In addition to the workers' representatives on country level, the employees also have access to a Group-wide ombudsperson as an independent point of contact. The principal task of the ombudsperson is to mediate and arbitrate in cases of misunderstanding and conflicts. Furthermore, employees can also turn to their managers and the HR department. The whistleblower system is described in further detail in the "Remedial actions and grievance handling mechanism" chapter. Given the size of the company, information is exchanged more frequently between workers' representatives and employees than directly between the Board of Management and the workforce. On an ad-hoc basis, members of the Board of Management are nevertheless invited to attend company meetings and are available to exchange information. Further formats for exchanging information are also available in individual divisions.

The perspective of employees is continually accounted for. Each workers' representation body is free to determine itself how often it should meet. Employees can contact their elected representatives at any time, whether directly, by telephone, or by e-mail. There are both full-time workers' representatives and employees who continue with their previous role with reduced hours in order to have sufficient time for their worker representation tasks. Both options are supported with resources from HORNBACH. Examples:

General Works Council HORNBACH Germany:

- The General Works Council comprises representatives from all German works councils (head office, DIY stores and garden centers, and logistics centers).
- The General Works Council may be commissioned by a local works council to address a matter on its behalf.
- The General Works Council is responsible for addressing matters relating to the company as a whole or several operations rather than those matters that can be addressed by the individual works councils within their own operations.
- The General Works Council meets at least three times a year.
- The General Works Council enables topics to be consolidated on a country-wide basis.
- For all topics relating to the company's own workforce, the General Works Council can draw on its co-determination rights pursuant to the German Works Constitution Act.

- The minutes of it meetings are not public (one exception applies if a trade union member is in attendance). The respective representatives of local works councils take relevant results back to their stores and inform the store management and employees.
- Each works council member has the resources and time necessary for his or her role as a works council representative in addition to his or her original role.

Works Council, Head Office Bornheim, Germany:

- The Works Council / Works Committee at the head office in Bornheim meets on a weekly basis.
- For all topics relating to its own workforce, it may draw on its co-determination rights pursuant to the German Works Constitution Act.
- The minutes of its meetings are not public (one exception applies if a trade union member is in attendance). Key results are communicated to all employees at quarterly company meetings.
- For their activity on the works council, members are released from their contractual employment duties; three members are fully released and thus full-time works council members.

Works Council, HORNBACH Netherlands:

- The works council in the Netherlands meets with the country Managing Director and HR Director on a quarterly basis. All country-wide HR matters are discussed at these meetings. Further meetings may be held if required.
- Staff councils (not official works councils) are in place at the locations of the DIY stores and garden centers. One staff council member per store is assigned to the works council for the Netherlands.
- At the DIY stores and garden centers, information is exchanged on a local basis between the store management and the HR management.
- The minutes of meetings are not public (one exception applies for the country Managing Director and HR Director). The results of work council meetings are subsequently forwarded to all employees in the form of a newsletter.
- Each works council member has the resources and time necessary for his or her role as a works council representative in addition to his or her original role.

The country managing directors and HR directors bear operative responsibility for engaging with the workforce on company-related matters and for factoring the results into the company's concept. Even if no dedicated works council exists in a country in which HORNBACH operates, information is nevertheless exchanged, such as via HR managers and store management. No global framework agreement has been signed with workers' representatives concerning respect for human rights in the company's own workforce. Whether HORNBACH's efforts to maintain a social dialog with its employees are perceived positively can be assessed not least by reference to employee satisfaction (see "Targets" chapter). In the past, the exchange of information with workers' representatives has resulted in numerous actions and policies (including flexible working hour models) that have noticeably improved working conditions at HORNBACH. To gain further insights into the perspectives of those employees who may be particularly vulnerable to impacts and/or marginalized, HORNBACH in Germany has representation for severely disabled employees, a youth committee, and a special contact partner for the German General Equal Treatment Act (AGG). Similar formats are in place in the Netherlands.

3.1.2 Targets

Employee satisfaction as target related to working conditions (HORNBACH IROs S1.1.a – S1.3.e)
Employee satisfaction in all countries in which HORNBACH operates has a great influence on the company's success. Attracting and retaining well-qualified and highly motivated employees for the company is an am-

bition set out in the CSR Guidelines. This is also accounted for by the respective target set within the multiyear variable remuneration (MVR) paid to members of the Boards of Management of HORNBACH Baumarkt AG and HORNBACH Management AG. This target was compiled in cooperation with the Supervisory Board, which comprises equal numbers of shareholder and employee representatives. The target is discussed at a Supervisory Board meeting each year and reviewed by reference to the current level of target achievement. Where appropriate, suitable actions can then be identified on this basis. All further information about the employee satisfaction target can be found in the "ESG governance" section of the "General disclosures" chapter.

Diversity as target related to equal treatment and opportunity (HORNBACH IROs S1.2.a-c, S1.2.f, and S1.3.b)

HORNBACH aims to achieve a composition of its teams that is as diverse as possible on all levels of its own operations. Targets have been set for the share of women managers in the first two management levels at the HORNBACH Baumarkt AG Subgroup and at HORNBACH Management AG. These targets are based on the ambition set out in the CSR Guidelines and form part of the multiyear variable remuneration (MVR) for members of the Board of Management. The target was compiled in cooperation with the Supervisory Board, which comprises equal numbers of shareholder and employee representatives. The target is discussed at a Supervisory Board meeting each year and reviewed by reference to the current level of target achievement. Where appropriate, suitable actions can then be identified on this basis. All further information can be found in the "ESG governance" section of the "General disclosures" chapter.

Target related to employee recruitment (HORNBACH IROs S1.3.a-e)

A variety of metrics relating to employee recruitment (including number of applications, processing times, applicants by application source) enable conclusions to be drawn as to the effectiveness of HORNBACH's measures. Via a dashboard, these metrics can be viewed on a self-service basis by staff responsible for recruitment and recruitment managers. This dashboard is available for the Germany, Switzerland, Austria, Sweden, and Netherlands regions. The metrics are measured on an ad-hoc basis for variable periods. Employee recruitment is guided by the current need for employees and is linked to good working conditions and a positive corporate culture. The variables involved are difficult to measure, meaning that further research would be required to identify meaningful and outcome-oriented targets.

3.1.3 Actions and resources

HORNBACH has implemented a variety of measures in connection with the impacts, risks, and opportunities identified for the topics of working conditions, equal treatment and opportunity, and employee recruitment. These apply in different forms on a Group-wide basis. The country companies are assigned a high degree of responsibility for structuring actions, not least because the legal framework varies between individual regions. Implementation of the actions is coordinated and monitored in each case by the country companies. Responsibility for implementing the actions is incumbent on the respective HR departments. Initiatives to develop new actions or to revise existing actions arise due to feedback provided by workers' representatives (see "Engagement with own workers and workers' representatives" section), store management teams, managers, the Board of Management, the Supervisory Board, HR managers, and also by anticipating developments and trends. Ongoing dialog between the stakeholders involved is intended to ensure that company practices do not have any material negative impacts on employees and, if such nevertheless arise, to counter them at an early stage. The insights gained from this ongoing dialog are factored into the respective actions. Whether the actions have a corresponding impact on employees is evaluated by monitoring defined targets (see "Targets" section) and by reference to additional HR metrics. No action plans involving significant operational expenditure (OPEX) or capital expenditure (CAPEX) were implemented for the aforementioned topics in the year under report.

Organization of working hours as action related to working conditions (HORNBACH IROs S1.1.a, S1.1.c, S1.1.f, S1.3.a, and S1.3.e)

To enable them to better combine their work and private commitments, HORNBACH allows its employees to organize their working hours themselves to the extent that this is compatible with the required work processes. Employees at the retail locations work in a shift model generally involving three shifts. Here too, HORNBACH endeavors to enable its employees to organize their working hours flexibly within the relevant organizational and legal framework. Cross-store personnel planning enables any shortages of staff to be averted more quickly. Drawing on software support, in some countries it is already possible for employees to swap shifts with other employees or to have a say in shift planning by setting up a digital “wish book” (Germany, Austria, Switzerland, Netherlands, Sweden, Luxembourg). Following the introduction of “Working Hours Made to Measure”, it is also possible in Germany to convert vacation or Christmas allowances into additional days off, or to have overtime paid in the form of a 13th monthly salary. Flexi-time and mobile work is possible at all of the Group’s administration locations. In some cases, core working hours have to be complied with in agreement with the respective management. Part-time models are implemented on a Group-wide basis.

All employees with work time accounts can digitally record their working hours down to the nearest minute. These makes it possible to flexibly increase or reduce overtime and to achieve a better work-life balance. The relaunch of the existing IT time-recording system for mobile appliances in some countries (Netherlands, Switzerland, Austria, and Sweden) will make it possible to influence the structure of working hours even more effectively. This action is planned for the current and following financial year. Weekly working hours depend on working time regulations typical to the respective country. With a 39-hour working week, HORNBACH enables its full-time employees in Switzerland to benefit from lower weekly working hours than usual (generally 42 hours a week).

The aforementioned actions to organize working hours are implemented on an ongoing basis and reviewed in terms of their effectiveness. New actions are labeled accordingly. HORNBACH Austria has received certification for its achievements in this area. Recertification is currently underway and will be repeated in the coming financial year.

Health protection as action related to working conditions (HORNBACH IRO S1.1.b, S1.1.d, S1.1.f, S1.3.a, and S1.3.e)

Health protection is an established component of day-to-day operations at the company – from identifying the causes of accidents, to introducing suitable preventative measures, through to effectiveness checks. The mental health of employees is also increasingly coming into focus. HORNBACH aims to protect not only the physical safety of its workforce, but also to promote its mental wellbeing. This also requires the workforce to adhere to safety measures, to work circumspectly, and to be aware of risks. Wearing personal protective equipment is just as important as being alert in the work environment. The Work Safety department coordinates all health protection actions on a Group-wide basis. The respective location manager is responsible for implementation. The foundations for safe behavior and work are summarized in HORNBACH’s Safety Handbook (see “Policies related to own workforce” section). This handbook forms the basis for annual instructions and is made available to all employees in Germany as a point of reference. For the other countries in which HORNBACH operates, it serves as a minimum standard and may be extended to include country-specific aspects. HORNBACH’s Safety Handbook also applies in cases where the requirements of local legislation are less strict. 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. The training and instruction is based on company instructions, the Work Safety Handbook, and handbooks relating to specific equipment. In addition, the “Safety News” and

“Important Notifications” keep employees informed about topics relevant to safety and about near-accidents. Work protection regulations are in place for third-party companies and non-company staff. Third-party staff receive instruction, also about the circumstances on location, before they commence their activities. Discussions are also held concerning the potential risks at work and their assessment. This instruction is documented and held at least once a year.

Safety officers have been appointed from among the workforce at all retail locations and the logistics centers. One example of their responsibilities is a monthly safety inspection. 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. These activities are performed on an ongoing basis. Employees performing these additional functions receive regular training, as a minimum every three years.

A risk assessment has to be performed and documented at least once a year. This risk assessment records and analyzes risks arising at the operating locations. Its objective is to prevent accidents by detecting existing risks and averting these with suitable measures. Risk assessments are performed at all retail locations. Additional event-specific risk assessments are required, for example when conversion measures are implemented, new work equipment is introduced, work-related 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 chiefly affect employees at 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.

HORNBACH also 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. Health days are held once a year at the head office and at stores (Germany and Austria). In cooperation with a health insurance company, these provide employees on location with advice about preventative measures, health protection, and support options. Attendance is voluntary for employees.

The actions listed in the “Health protection” section are performed on an ongoing basis. The effectiveness of these actions over time can be assessed by reference to suitable health protection metrics, such as accident and sickness statistics.

Remuneration and additional benefits as action related to working conditions (HORNBACH IROs S1.1.f, S1.2.a, S1.3.a, and S1.3.e)

Fair remuneration is a component of any trust-based working relationship with good working conditions and helps to promote employee satisfaction. 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. 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. By committing in this way to collectively agreed payment rates for employees, the company can mitigate the risk of rising wage expenses due to the competition for talent.

By performing annual salary reviews in all regions, the company ensures that the relationship between performance and pay is fair across all team boundaries. Should any major discrepancy between performance and pay be identified, then corresponding changes are made to the salary.
Furthermore, explicit gender pay gap analyses are being performed in the Austria and Sweden regions. In assessing the fairness of pay, these chiefly focus on the gender characteristic. Their findings will be accounted for in the annual pay round. In the 2024/25 financial year, HORNBACH supported those employees in Germany not covered by collective pay agreements by making inflation compensation payments through to August 2024 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 (see “Policies related to own workforce” section). In nearly all countries, these include:

- Profit sharing
- Vacation and/or Christmas allowances or a 13th monthly salary
- Company pension scheme or contribution to pension insurance
- Employees shares in HORNBACH Holding AG & Co. KGaA.

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
- Job bike
- Anniversary payments
- Private additional insurance.

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. The actions listed are performed on an ongoing basis and amended if required.

Employee development as action related to equal treatment and opportunities and employee recruitment (HORNBACH IROs S1.2.b, S1.2.e, S1.3.a, S1.3.d, and S1.3.e)

HORNBACH aims to offer attractive further training options and development opportunities to its employees in all functions and across all levels of the hierarchy. These are intended to boost equal opportunities and help the company to attract suitable employees by offering good working conditions. A high level of advisory and service competence has a significant influence on customer satisfaction. In the context of their activities, store employees are therefore familiarized with the products on offer and their use and trained in good time when innovations are introduced. Practical knowledge about the products and their applications is communicated on the one hand in practical training and product-based training sessions offered in cooperation with suppliers. In addition, HORNBACH offers product and project-based training at on-site events, in online training, and in print media. Working together with Chambers of Industry and Commerce, employees are enabled to participate in certified training programs, such as qualification as a retail specialist. Furthermore, internal and external seminars and online training on further topics are also offered across the Group. These actions are managed, and amended if required, by the relevant HR departments at the HORNBACH Baumarkt AG and HORNBACH Baustoff Union GmbH Subgroups.

In some countries in which HORNBACH operates, a central, digital learning management system is already in use as an internal learning platform (Netherlands, Austria, Switzerland, Sweden, Luxembourg). The countries not yet included in this list (Germany, Romania, Czechia, and Slovakia) will also be introducing learning platforms in the 2025/26 financial year. These are/will be accessible to all employees.

Where possible, key positions and management positions becoming vacant should be filled with internal candidates. By offering a range of development measures, suitable employees are prepared at an early stage and in a forward-looking manner for future management responsibility. This also reduces the risk of being unable to fill key positions and management positions, or not in good time. The effectiveness of management development measures is assessed by reference to the management positions filled with internal candidates. Within the HORNBACH Baumarkt AG Subgroup, upcoming management staff is prepared for its new tasks with a proprietary training program. Qualification modules have been developed for all store management positions. The management development program is currently being revised, with the new development program due for implementation in the coming financial year. HORNBACH also offers corresponding development opportunities to employees in its administration and logistics centers. All actions listed are performed on an ongoing basis.

Reporting points for incidents of discrimination as action related to equal treatment and opportunities (HORNBACH IROs S1.2c, S1.2d, and S1.2f)

The reporting points for incidents of discrimination in the company’s own operations can be used by all employees and are intended to promote equal treatment and opportunities at HORNBACH. These include the whistleblower system (see “Remedial actions and grievance handling mechanism” section) and the human rights officer (see the “Actions and resources” section of the “Workers in the value chain” chapter) for the Group-wide reporting of incidents of discrimination. In Germany, incidents of discrimination are additionally registered and evaluated as violations of the German General Equal Treatment Act (AGG). All reporting points are available on an ongoing basis and are supported by the Compliance and Legal departments.

Communication with employees as action related to equal treatment and opportunities (HORNBACH IROs S1.2.f and S1.3.b)

One dimension of equal opportunities involves equality of information. HORNBACH has set itself the standard of ensuring that all employees can easily access the information important to them. When it comes to access to information, the employees in stationary retail and at the logistics centers are often at a disadvantage, as company news is mostly communicated digitally, while employees on site do not have constant access to the relevant media.

One action already implemented in the Netherlands and due to follow in Germany in the coming financial year is the launch of an employee app. This enables employees to access company news when required using their private or business mobile appliances. In addition, this app facilitates better and swifter communications within the store and beyond. News on developments relating to products, work safety, training, working schedules, etc. can be shared more effectively using the employee app. This way, every employee receives all information important to him or her.

Recruiting and employer branding as action related to employee recruitment (HORNBACH IROs S1.1.e and S1.3.a-e)
HORNBACH is a constantly growing company. If it is to continue attracting the most suitable employees, it is important to draw attention to itself as an employer. Given its strategic focus on private and commercial project customers, HORNBACH has a great need for well-informed employees. HORNBACH therefore endeavors to retain as many experienced employees as possible at the company by offering attractive work conditions (see above). Both the company and its customers benefit from the longstanding experience these employees have with HORNBACH's product range and services.

HORNBACH covers a large share of its additional requirements with its own training activities and by recruiting new employees from the market of external applicants. It has set itself the standard of ensuring that positions in its operating business and administration centers are adequately covered, thus avoiding any excess strain on employees. In principle, the company trains sufficient numbers of people to cover its own needs. This ensures that all trainees and participants in dual work-study programs have good chances of being taken on 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 HR department. The company aims to adapt the range of training positions on offer to current requirements in both quantitative and qualitative terms. To cover its need for personnel HORNBACH works 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. New training, learning, and study programs are supplemented on an ad-hoc basis in order to offer an interesting range of training opportunities and also to cover changing requirements.

In training the next generation of suitably qualified staff, HORNBACH benefits 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 programs in Austria and Switzerland. In Romania, HORNBACH works 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 other countries in which it operates.

We access potential applicants by:

- Participating in recruitment fairs across Europe
- Offering applicant training sessions in cooperation with local or regional organizations
- Presence in digital media (social media)
- Recruitment at point-of-sale (DIY stores and garden centers/builders' merchant outlets)
- Careers websites.

The HR and Marketing departments are responsible for raising awareness of HORNBACH as an attractive employer. Furthermore, with its "Staff recruit staff" program (in Germany, Austria, Czechia, Slovakia, Netherlands, Romania), the company also motivates its workforce to propose suitable candidates from among their acquaintances. The content and technology behind the careers website at the HORNBACH Baumarkt

AG Subgroup were also revised in the year under report. Further contents will gradually be added in the coming financial year.

To meet its need for suitably qualified IT staff as well, the HORNBACH Baumarkt AG Subgroup has established an IT hub in Romania. By working with so-called nearshoring, HORNBACH can partly offset the shortage of IT specialists in Germany and relieve the strain on staff in the Technology department. Employees from Germany and Romania work together on projects. Due to rising recruitment costs and any inability to fill positions in good time, HORNBACH faces recruitment risks in all countries in which it operates. The aforementioned actions may help to limit the rise in costs, or even to reduce costs.

All actions listed are performed on an ongoing basis. The effectiveness of these actions over time can be evaluated by reference to suitable recruitment metrics.

3.1.4 Metrics

Characteristics of the undertaking's employees and of non-employee workers in the undertaking's own workforce

The HORNBACH Group employed a total of 25,359 people at the balance sheet date on February 28, 2025. The underlying data is mainly taken from the Group-wide personnel master data system (SAP). As the figures presented refer to a specific reporting date, intra-year fluctuations are not presented.
More than 10% of the total workforce is employed in Germany (13,588 people) and in the Netherlands (3,974 people). The personnel metrics are therefore reported separately for these countries. The gender distribution is as follows:

Employees at 2.28.2025	Female	Male	Other	Not disclosed	Total
Number of employees (head count)	10,256	15,101	2	0	25,359
Number of permanent employees (head count)	8,337	11,578	1	0	19,916
Number of temporary employees (head count)	1,919	3,523	1	0	5,443
Number of non-guaranteed hours employees (head count)	126	235	0	0	361

The metrics are presented in detail for Germany and the Netherlands:

Employees at 2.28.2025	Germany	Netherlands	Total
Number of employees (head count / FTE[1)])	13,588	3,974	17,562
Number of permanent employees (head count/FTE[1)])	11,950	1,176	13,126
Number of temporary employees (head count/FTE[1)])	1,638	2,798	4,436
Number of non-guaranteed hours employees (head count/FTE[1)])	256	0	256

1) Full-time equivalent

The definition of permanent and temporary employment and of non-guaranteed working hours is based on national legal requirements in the countries in which the employees work. The data on country level is then aggregated to calculate the totals, with no account then being taken of national legal definitions.

The rate of employee turnover amounted to 19.1% in the year under report. Pursuant to S1-6.50c, this metric is calculated over time. Employee departures are aggregated over the financial year and stated as a proportion of the average number of employees (head count) in the financial year. Employee departures include employee resignations, employer terminations, and departures due to retirement or death. The average number of employees corresponds to the average of all 12 end-of-month figures.

It should be noted that the average number of employees reported in Note (34) of the Notes to the Consolidated Financial Statements is based on a different definition and that the figures therefore diverge. It should also be noted that the personnel turnover key figure used in the context of multiyear variable remuneration for the Board of Management (see the "ESG governance" section of the "General disclosures" chapter") and the rate of employee turnover presented here in accordance with ESRS requirements are also based on difference calculation methods, as the multiyear remuneration for the Board of Management was already adopted prior to publication of the ESRS. On the one hand, the populations assessed diverge. On the other hand, the key figures referred to for the remuneration key figures do not include retirement or death as reasons for departure. The collection of this data has not been validated by external third parties. No estimates are required.

Collective bargaining coverage and social dialog

Due to the different legal and contractual foundations in the respective countries in which HORNBACH operates, the working and employment conditions of employees are in some cases determined or influenced by collective bargaining agreements. The Germany, Netherlands, Sweden, and Austria regions have collective bargaining agreements. Implementation of national collective agreements is managed on a decentralized basis. The workforce is not represented in social dialog on European level. There is also no agreement concerning employee representation by a European Works Council, a Societas Europaea Works Council, or a Societas Cooperativa Europaea Works Council. Overall, 74.6% of employees are covered by collective bargaining agreements. 90% of employees in Germany and 100% of employees in the Netherlands are covered by collective bargaining agreements. Overall, 67.5% of employees are covered by workers' representatives. The figures for Germany and the Netherlands are 88.2% and 100% respectively. There are no collective agreements for workers outside the European Economic Area (HORNBACH Switzerland and Hong Kong) (0%)

The number of employees as of the balance sheet date (head count) forms the population for these metrics. This total is stated in proportion to the number of employees covered by collective bargaining agreements or by worker' representatives. The degree of coverage by collective bargaining agreements and workers' representatives varies between the individual countries in which HORNBACH operates in line with the respective legal frameworks. The calculation is based on the figures as of the reporting date. Intra-year fluctuations are therefore not presented. The collection of this data has not been validated by external third parties.

Diversity metrics

In the first two levels beneath the Board of Management, women managers accounted for 21.5% of the first management level and 24.7% of the second management level at the balance sheet date on February 28, 2025, Overall, this corresponds to 14 women in the first management level (out of 65 managers in total) and 57 women in the second level (out of 231 managers in total). On the first two levels beneath the Board of Management, the share of women managers totals 24.0%; 71 of the 296 managers are women. In this calculation, the numbers of women managers in the first two levels beneath the Board of Management are stated as a proportion of all managers on these levels. Managers are employees who manage other employees in disciplinary terms. The figures for all managers include female, male, and diverse people, as well as people whose gender is unknown. This metric is based on figures at the balance sheet date. Intra-year fluctuations are not presented.

HORNBACH also reports the share of women managers in the two levels beneath the Board of Management as a key figure for multi-year variable remuneration (MVR) (see the “ESG governance” section of the “General disclosures” chapter). These figures are based on identical calculations, but the population assessed diverges, as the MVR key figure only refers to HORNBACH Baumarkt AG Subgroup, while the figures presented above refer to HORNBACH Holding Ag & Co. KGaA Group.

The workforce had the following age structure at the balance sheet date on February 28, 2025:

Age group	Percent	People
Under 30 years old	22.4	5,679
Between 30 and 50 years old	46.8	11,858
Over 50 years old	30.8	7,822

The number of persons per age group are stated as a proportion of the population (number of people at balance sheet date) and present the figures as of the balance sheet date in number of people. The ages are calculated as of the reporting date at the end of the financial year. The collection of this data has not been validated by external third parties.

Adequate wages

All employees of the HORNBACH Group were adequately paid in line with the benchmark wages reported by the countries in the 2024/25 financial year. The percentage of employees receiving wages lower than the benchmark wages in the respective country amounted to 0%. Depending on the country, the benchmark wage is a statutory or collectively agreed minimum wage or comparable figure from the portal of the Wage Indicator Foundation. Pursuant to ESRS S1-10, trainees, dual work-study program students, and interns are not included in these figures.

Pay is calculated on an hourly basis (gross) for the remuneration paid and compared with the benchmark wage on an hourly basis. Gross hourly pay corresponds to the total monthly basic income and fixed additional benefits stated in relationship to the gross number of hours worked by the employee. The calculation is performed in national currency.

Basic income is taken as the monthly basic salary paid to a given individual. Fixed additional benefits include payments that are paid on a guaranteed basis to all employees in a given region. The figures for both pay and working hours are based on the remuneration actually paid and the number of hours actually worked. Unpaid absences are not included. Intra-year entrants are accounted for in line with the length of their company affiliation. The basic income, fixed additional benefits, and gross hours per employee are calculated on the basis of local pay circumstances for each country in which HORNBACH operates and then made available to the Group HR department for aggregation. A uniform understanding of the various remuneration components was ensured by determining and communicating definitions in advance.

Health and safety

The rate of recordable work accidents (from the 1st day of absence) is calculated based on the total number of recordable work accidents per 1,000,000 working hours. No assumptions were used. No further metrics other than those called for were used to assess the performance and effectiveness with regard to material impacts, risks, or opportunities. The collection of this data has not been validated by external third parties. The percentage of employees in the company’s own workforce who are covered by health and safety policies based on legal requirements and HORNBACH’s policies amounts to 100%. There were no fatalities within the company’s own workforce as a result of work-related injuries in the 2024/25 financial year. The number of recordable work-related accidents stood at 949 in the year under report. The rate of recordable work-related accidents amounts to 23.3%.

Remuneration metrics

The pay gap between female and male employees (gender pay gap) amounted to 6.6% in the 2024/25 financial year. The population for this calculation is formed by all employees in a valid employment relationship with a HORNBACH Group company as of February 28, 2025. Remuneration is calculated on an hourly basis. The difference between the average gross hourly wage paid to male and female employees is stated as a proportion of the average gross hourly wage paid to male employees. The average gross hourly wage paid corresponds to the total of the actual monthly basic income plus other remuneration components divided by the gross hours actually worked by the employee. Basic income is taken as the monthly basic salary paid to a given individual. Other remuneration components comprise payments that are neither the basic salary nor fixed additional benefits that are guaranteed for all employees. The figures for both remuneration and working hours are based on the remuneration actually paid and the number of hours actually worked. Unpaid absences are not included. Intra-year entrants are accounted for in line with the length of their company affiliation. The basic income, other remuneration, and gross hours per employee are calculated on the basis of local pay circumstances for each region and then made available to the Group HR department for aggregation. A uniform understanding of the various remuneration components was ensured by determining and communicating definitions in advance. Employees of neither male nor female gender are not included in this calculation. The gender pay gap is calculated in euros. Foreign currencies are translated into euros using a rolling exchange rate (see “Foreign currency translation” in the Notes to the Consolidated Financial Statements). It should be noted that HORNBACH operates in different countries with different levels of remuneration. These are aggregated in the overall calculation. The figures are not adjusted to account for disparities in purchasing power. All activities, and thus all associated differences in remuneration, are aggregated. No data is collected on the basis of comparable activities.

In the 2024/25 financial year, the annual total remuneration of the highest-paid individual at the Group was 50.9 times higher than the median annual total remuneration of all employees. The population for the median figure is formed by all employees in a valid employment relationship with a HORNBACH Group company as of February 28, 2025. Annual total remuneration comprises all remuneration components (basic salary, fixed additional benefits, and other remuneration). The figures for both remuneration and working hours are based on the remuneration actually paid and the number of hours actually worked. This means that both full-time and part-time employees are included in the calculation. Unpaid absences are not included. Intra-year entrants are accounted for in line with the length of their company affiliation. The pay gap is calculated by stating the total annual remuneration paid to the highest-paid individual at the company as a proportion of the median annual total remuneration of all employees (excluding the highest-paid individual). The highest-paid individual is a member of the Board of Management. The salaries of members of the Board of Management are only determined once the annual financial statements have been completed and approved, adopted by the Supervisory Board, and published in the Remuneration Report. To calculate the pay gap, reference therefore has to be made to the Remuneration Report for the previous year (FY 2023/24). Pursuant to the definition provided in ESRS S1.6, members of the Board of Management do not count as employees. The salaries paid to other members of the Board of Management are therefore not included in the median figure for all other employees. The pay gap is calculated in euros. Foreign currencies are translated into euros using a rolling exchange rate (see “Foreign currency translation” in the Notes to the Consolidated Financial Statements). It should be noted that HORNBACH operates in different countries with different levels of remuneration. The figures are not adjusted to account for disparities in purchasing power. The calculation of basic income, fixed additional benefits, and other remuneration per person is performed for each country based on the respective remuneration circumstances and then made available to the Group HR department for aggregation and calculation of the KPIs. A uniform understanding of the various remuneration components was ensured by determining and communicating definitions in advance. The collection of this data has not been validated by external third parties.

Incidents, complaints, and severe human rights impacts

In the 2024/25 financial year, 11 cases of discrimination, including harassment, were reported in the workforce. The number of complaints filed by employees through the reporting channels communicated at HORNBACH (see the "Remedial actions and grievance handling mechanism" section) amounted to 11. None of the complaints filed was submitted to the OECD national contact point. No fines, penalties, or compensation for damages were paid in the period under report for the aforementioned incidents. Due to the company's business activities and the associated legislation and enforcement, severe incidents of human rights violations in the company's own operations (e.g. forced labor, human trafficking, or child labor) are unlikely; no such incidents were identified in the 2024/25 financial year. Accordingly, no fines, penalties, or compensation for damages were paid. Incidents and complaints are collected by the Group's HR managers and forwarded to the Group Legal department. The collection of this data has not been validated by external third parties.

3.1.5 Remedial actions and grievance handling mechanism

HORNBACH aims to provide everyone, i.e. employees, customers, suppliers, workers in the value chain, and service providers, with the possibility to report compliance-related infringements. Informants are encouraged to submit reports using the whistleblower system provided, above all to facilitate the swift investigation of any misconduct and the discontinuation of such. The effectiveness of remedial actions is monitored on an individual basis. Should there be indications that a given action is not fulfilling its purpose, for example due to insufficient information or inadequate results or feedback, then the relevant action is amended accordingly. Matters that may be reported include incidents related to HORNBACH's professional activities or in advance of a professional activity at HORNBACH, as well as human rights and environmental-related risks and any violations of associated obligations in HORNBACH's supply chains that have arisen or may arise due to the economic activities of HORNBACH in its own operations or those of a business partner. Matters covered include infringements of national and international law, as well as of (internal) requirements and policies.

The Human Rights Officer of the HORNBACH Group, who also heads the Group Compliance department, is the direct contact partner. He can be reached by e-mail and by telephone. The Group Compliance department can otherwise also be contacted by e-mail or via its hotline. Contact can also be initiated by post or a one-to-one meeting may be requested on location. In addition, the compliance officers in the individual departments and countries may also be approached. These contact options are supplemented by an internet-based whistleblower system. This is operated by the EQS Group AG based in Zurich (Switzerland). Employees may also use the reporting channels outlined above to submit complaints or employee concerns, provided that these are within the scope of the whistleblower system. Furthermore, employees may also approach their managers or their contact partners in the HR department.

All incoming reports are documented in the whistleblower system. This occurs either directly by the person submitting the report or by the employee handling the specific case. Information that becomes known of during an investigation is also deposited there. This ensures that all circumstances and steps relating to the investigation of a report are collected in one place. As soon as a report is received or recorded in the whistleblower system, the Group Compliance and Internal Audit departments receive automatic notification via their e-mail inbox. Furthermore, automatic reminders and response deadlines are triggered. This ensures that the relevant organizational unit is notified irrespective of the channel selected by a whistleblower to raise his or her concern.

Information about the reporting channels is provided on the website of HORNBACH Holding AG &Co. KGaA, on the intranet, and on other websites of the HORNBACH Group. Here, attention is drawn above all to the internet-based whistleblower system. All other reporting channels are communicated by way of the Whistleblower Policy deposited there, which partly includes country-specific requirements. In some cases, the HORNBACH countries have additionally communicated information about the whistleblower system by sending mails to their workforce or displaying it at stores. If any indications are received that the reporting channels are difficult to reach, for example because they are never used, then actions are taken to make them better known or to improve their accessibility.

When determining the reporting channels, due attention was paid to ensuring that they are accessible to the widest possible audience. The Human Rights Officer and the Group Compliance department can therefore be contacted in person and by telephone both in German and in English. Should a person wish to submit a report in another language, he or she may either send an e-mail or letter or use the internet-based whistleblower system, which is available in 16 languages. The compliance officers at the individual HORNBACH countries can also be contacted in their respective national languages. If necessary, reports may also be submitted via the whistleblower system on an anonymous basis. This does not influence the processing of the case. Neither IP addresses nor visits to the web-based whistleblower system can be traced. Should the informant reveal his or her identity, then the utmost priority is accorded to ensuring the security of and maintaining confidentiality as to the identity of the informant. The relevant organization and caseworker are obliged to maintain confidentiality and, as a matter of principle, will pass on the identity of an informant and all other information from which the identity of the information might directly or indirectly be derived only with the consent of the informant.

Individuals submitting a report via one of the channels with no intention to spread false information or to denounce another person are protected by HORNBACH's Whistleblower Policy. HORNBACH does not accept any form of reprisal, sanction, or other retaliation, any threats of such, or any attempts to carry out such by employees of HORNBACH against any informant who, when submitting the report, had reason to assume that an infringement had occurred. As an employer, HORNBACH ensures that no employee suffers disadvantages due any such report. HORNBACH explicitly emphasizes that any such notifications submitted have no implications for the employment, professional prospects, career, or tasks performed by informants employed at HORNBACH. The same applies to persons connected to the informant and who, due to a possibly close, family, or comparable connection, may face threats of reprisals (such as family members also employed at HORNBACH) and to persons who offer professional support to the informant in submitting the report.

3.2 ESRS S2 Workers in the value chain

3.2.1 Impact, risk, and opportunity management

As a retail company with international operations and global value chains, HORNBACH is aware of the responsibility it bears towards people and the environment. HORNBACH is committed to respecting universal human rights and to complying with its human rights-related due diligence obligations and with internationally valid standards and policies. Specifically:

- The United Nations Guiding Principles on Business and Human Rights (UN Guiding Principles) from 2011
- The United Nations Universal Declaration of Human Rights dated December 10, 1948
- The Conventions, Protocols, and Recommendations of the International Labour Organization (ILO) on labor and social standards.

By permanently improving and adapting the sustainability aspects of its business strategy, HORNBACH is attempting to structure its business activities in such a way that any negative impacts on workers in the value chain may be avoided or correspondingly reduced. Further information can be found in the “Strategy, business model, and value chain” section of the “General disclosures” chapter. The disclosures in ESRS 2 cover all workers in the value chain who may be affected by the impacts of HORNBACH’s business activities.

Impacts, risks, and opportunities related to workers in the value chain

Based on the double materiality assessment performed in accordance with the requirements of ESRS 2, the following impacts, risks, and opportunities (IROs) were classified as material for the topics of working conditions, equal treatment and opportunities for all, and other work-related rights:

Working conditions

Supply chains are long, global, and non-transparent and involve numerous players and a large variety of products and commodities. This restricts HORNBACH’s access to and ability to exert influence, particularly on more distant stages of the value chain, such as on the level of commodity extraction. As a result, HORNBACH’s business activities have potential negative impacts on the living conditions and financial situation of workers in the value chain due to inadequate pay, or the suppression of collective bargaining or obligations to abide by collective agreements (HORNBACH IRO S2.1a) and with regard to worker’ co-determination rights due to non-existent or limited worker representation, lack of social dialog, or limited freedom of association (HORNBACH IRO S2.1d). Furthermore, long working hours may result in potential negative impacts on the health of workers in the value chain (HORNBACH IRO S2.1c). A lack of health and safety protection due to absence of safety precautions or defective products may also put the health of workers in the value chain at risk (HORNBACH IRO S2.1b). These potential abuses of workers in the value chain harbor reputation and loss risks for HORNBACH, as well as risks resulting from compensation and penalty payments as defined in the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) (HORNBACH IRO S2.1e). These risks and the associated liability risks may result from the sale of dangerous or defective products that might negative influence the health of workers in the value chain (HORNBACH IRO S2.1f).

Equal treatment equal opportunities for all

These factors may also lead to potential negative impacts on workers in the value chain due to discrimination and inequality, e.g. due to disabilities, a gender pay gap, or other specific characteristics (HORNBACH IRO S2.2a). For HORNBACH, this involves reputation and loss risks, as well as risks resulting from compensation and penalty payments as defined in the German Act on Corporate Due Diligence Obligations in Supply Chains due to cases of discrimination among workers in the value chain becoming publicly known (HORNBACH IRO S2.2b).

Other work-related rights

There is also the possibility of potential negative impacts on workers in the value chain arising due to human rights violations and associated negative impacts due to modern slavery (child labor and forced labor) (HORNBACH IRO S2.3a). Inhumane accommodation (lack of hygiene, inadequate space, and lack of access to sanitary facilities) may also pose a risk to the physical and mental health of workers in the value chain (HORNBACH IRO S2.3b). For HORNBACH, this involves reputation and loss risks, as well as risks resulting from compensation and penalty payments as defined in the German Act on Corporate Due Diligence Obligations in Supply Chains due to modern slavery ((HORNBACH IRO S2.3c) and inhumane accommodation for workers in the value chain (HORNBACH IRO S2.3d).

These potential negative impacts on workers in the value chain predominantly involve human rights violations of a potential, local, and structural nature which may threaten the health, living conditions, and quality of life of workers. Preventative and remedial actions are often difficult to enforce, and can only be enforced on a long-term basis. At the same time, potential human rights violations of this nature may also arise in individual cases. The cost and reputational risks identified for HORNBACH may also be accompanied by secondary risks, such as a loss of customers or a reduction in the company's value. These risks cannot be fully prevented. The basis for minimizing these risks is the prevention, minimization, and avoidance of negative impacts on workers in the value chain. As a matter of principle, the protection of HORNBACH's reputation, which is a major success factor for the company, is a key aspect of its business strategy and is anchored accordingly in its regulations and policies. No material positive impacts of HORNBACH's business activities on workers in the value chain have currently been identified.

The impacts identified on workers in the value chain and the associated risks do not only refer to specific groups of workers. They rather apply to all workers in the upstream and downstream value chains. Two exceptions relate to HORNBACH IRO S2.3a and S2.3c, which refer solely to workers in the upstream value chain. The workers in the value chain work at different places and at different times, perform different activities, and may thus also be affected in different ways by HORNBACH's business activities. The goods sold by HORNBACH are manufactured in the upstream value chain, often in several stages. The workers in the upstream value chain are involved in numerous processes, including extraction of commodities, further processing steps, or logistics services that are commissioned either by business partners in the upstream value chain or by HORNBACH itself. Workers in the downstream value chain are predominantly active in logistics, but also in companies run by business customers. The workers of service providers chiefly commissioned by the retail locations often work directly on site at the locations. HORNBACH Marketplace users also have their own workers. There are no workers employed at joint ventures or special purpose companies. Some workers in the value chain are more vulnerable to the negative impacts of HORNBACH's business activities than others. Based on the findings of its business partner risk analysis and its own research into sectors particularly at risk, HORNBACH views mining and minerals, as well as agriculture and fishing, as being particularly at risk. Mineral fuels and mineral oils, timber, timber products, and charcoal are classified at HORNBACH as commodities that are particularly at risk. Furthermore, HORNBACH views those commodities in particular that are associated with (small-scale) mining, including (hard) coal, natural gas, crude oil, natural stones, and metals, as well as textiles and leather, as being critical with regard to child labor and forced labor. Based on its business partner risk analysis, none of the countries in which HORNBACH's suppliers are based show particularly high risk values or appear particularly significant in respect of child labor and forced labor. It is not possible to issue any more far-reaching statements concerning the more distant part of the supply chain.

Policies related to value chain workers

With regard to the topics of working conditions, equal treatment and opportunities for all, and other work-related rights, HORNBACH has anchored its approach to the respective impacts, risks, and opportunities in various policies. These policies cover all workers in the whole of the value chain, although the focus is on workers in the upstream value chain. That is because HORNBACH has identified the greatest likelihood of negative impacts in the upstream value chain. The policies are reviewed on an ad-hoc basis in terms of their appropriateness and up-to-dateness. Actions to ensure effective stakeholder dialog are being (further) developed as required in order to amend the business strategy and thus also existing policies if applicable. Further information can be found in the "Remedial actions and grievance handling mechanism" and "Engagement with value chain workers" sections. No significant changes were made to the existing policies in the period under report.

CSR Standards for the Business Partners of the HORNBACH Group as policy related to working conditions, equal treatment and opportunities for all, and other work-related rights (HORNBACH IROs S2.1a, S2.1b, S2.1c, S2.1d, S2.1e, S2.1f, S.2.2a, S.2.2b, S2.3a, S2.3b, S2.3c, and S2.3d)

The CSR Standards for the business partners of the HORNBACH Group (hereinafter: "CSR Standards") are social and environmental standards applicable to the direct suppliers of the HORNBACH Group. They address all material impacts on workers in the value chain, as well as the associated risks, and here explicitly the topics of human trafficking, forced labor, and child labor. They act as the Supplier Code of Conduct for the HORNBACH Group and take due account of § 6 (4) No. 2 and 4 of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG). Further information can be found in the "Strategy, business model, and value chain" section of the "General disclosures" chapter.

Whistleblower Policy as policy related to working conditions, equal treatment and opportunities for all, and other work-related rights (HORNBACH IROs S2.1a, S2.1b, S2.1c, S2.1d, S2.1e, S2.1f, S.2.2a, S.2.2b, S2.3a, S2.3b, S2.3c, and S2.3d)

The Whistleblower Policy summarizes the general functionality of HORNBACH's whistleblower system as required by the German Whistleblower Protection Act. At the same time, it serves to provide clear, easily understandable, and publicly accessible information about the accessibility, responsibilities, and implementation of the procedures adopted to handle complaints concerning human rights and environmental-related risks and infringements in supply chains as required by the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG). It addresses all material impacts on workers in the value chain and associated risks. Infringements of national and international laws, or of (internal) regulations and policies, explicitly in respect of topics including human trafficking, forced labor, and child labor, can be reported by workers in both the upstream and the downstream value chains. Further information can be found in the "Remedial actions and grievance handling mechanism" section and in the "Policies related to own workforce" section of the "Own workforce" chapter.

CSR Guidelines as policy related to working conditions, equal treatment and opportunities for all, and other work-related rights (HORNBACH IROs S2.1a, S2.1b, S2.1c, S2.1d, S2.1e, S2.1f, S.2.2a, S.2.2b, S2.3a, S2.3b, S2.3c, and S2.3d)

The CSR Guidelines records the overriding sustainability topics and presents the CSR strategy of the HORNBACH Group. On a peripheral basis, if not explicitly, it addresses all material impacts on workers in the value chain and associated risks. Further information on the CSR Guidelines can be found in the "Strategy, business model, and value chain" section of the "General disclosures" chapter.

Policy Statement on Company Due Diligence Obligations and Human Rights in Supply Chains of the HORNBACH Group as policy related to working conditions, equal treatment and opportunities for all, and other work-related rights (HORNBACH IROs S2.1a, S2.1b, S2.1c, S2.1d, S2.1e, S2.1f, S.2.2a, S.2.2b, S2.3a, S2.3b, S2.3c, and S2.3d)

With its Policy Statement on Company Due Diligence Obligations and Human Rights in Supply Chains of the HORNBACH Group (hereinafter: the Policy Statement), HORNBACH meets its due diligence obligation to submit a policy statement pursuant to § 3 (1) No. 4 in conjunction with § 6 (2) of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG). The Policy Statement explains the approach taken by the HORNBACH Group with regard to respect for human rights and workers' rights and to compliance with environmental-related obligations and the measures implemented in this respect in its own operations and supply chains. Accordingly, this policy also refers to the company's own workforce and affected communities (see the "Policies related to own workforce" section of the "Own workforce" chapter and the "Policies related to affected communities" section of the "Affected communities" chapter). On a peripheral basis, if not explicitly, it addresses all material impacts on workers in the value chain and associated risks. The policy is applicable to all companies within the HORNBACH Group. Responsibility for the policy is incumbent on the CSR department and the Human Rights Officer of the HORNBACH Group. The Policy Statement is available within the company in German on the intranet. It is also published in German and English on the website of HORNBACH Holding AG & Co. KGaA.

Furthermore, the workers of service providers, who predominantly work directly on location at the stores, are also subject to HORNBACH's work safety requirements. Further information can be found in the "Actions and resources" section and in the "Policies related to own workforce" section of the "Own workforce" chapter.

In all of its business activities, HORNBACH makes every effort to respect and protect human rights, not to violate such rights or to contribute in any way to violations. HORNBACH aims to avert any potential violation of human rights at an early stage and to end or minimize such violations wherever possible. In this, HORNBACH is committed to internationally valid standards and policies which, among other components, also form the basis for the CSR Standards, the CSR Guidelines, and the Policy Statement. Further information about the individual actions which HORNBACH implements in this context can be found in the "Actions and resources" section.

In the period under report, HORNBACH was notified by trade union representatives of suspected violations in the transport sector concerning inadequate pay in the more distant supply chain. This relates above all to the Conventions, Protocols, and Recommendations of the International Labour Organization (ILO) on labor and social standards and the Universal Declaration of Human Rights. HORNBACH does not have any information about the actual occurrence of such violations in its supply chain.

Engagement with value chain workers
In the context of the audits held in some cases regularly or on an ad-hoc basis at HORNBACH's business partners (see "Actions and resources" section), interviews are held with select workers in the value chain. In these interviews, information is gathered on topics including working conditions at the business partners and their impacts on people and the environment. The questionnaire used for this purpose was amended accordingly in the period under report.

Creating a trustworthy environment for workers in the value chain ensures the highest possible degree of effectiveness for processes to engage with these workers. When interviews are held, it is ensured that these take place in a separate room. The participants are assured that the information they provide will be treated with the strictest confidentiality. To consider particularly vulnerable groups more closely, the interviews also tackle topics such as the minimum age at the business partner, situations of pregnancy, identity documents, and so forth. In selecting workers for the interviews, increasing attention is being paid to particularly young workers and production employees. Depending on the business activities of the business partner, the ideal aim is to portray the whole manufacturing process through to outgoing goods. Apart from this, workers are selected on an arbitrary basis. The business partners are also asked whether they have grievance handling mechanisms and actively engage with their stakeholders.

Based on the results of the audits, HORNBACH reaches decisions, including on whether to enter into or continue its business relationships or to perform suitable remedial or mitigation measures. If there are indications that these actions are not producing the expected results, whether due to a lack of information or feedback from workers in the value chain, they are adjusted to the best possible extent. Workers in the value chain can also report their concerns at any time directly using HORNBACH's whistleblower system (see "Remedial actions and grievance handling mechanism" section). Responsibility for this system, and for addressing the results, is incumbent on the Human Rights Officer of the HORNBACH Group. Other than this, there are currently no agreements with global trade union associations or similar institutions. Further information can also be found in the "Actions and resources" section and in the "Interests and views of stakeholders" section of the "General disclosures" chapter.

3.2.2 Targets
The impacts of HORNBACH's business activities relate above all to workers in the upstream value chain, particularly in more distant stages of the value chain where HORNBACH's influence is limited and changes can in most cases only be achieved on a long-term basis. Specific targets concerning these indirect impacts are therefore complex and should in particular be tailored to actual requirements.

HORNBACH's initial focus is on implementing those laws which include requirements on sustainability topics in the value chain and on constantly working on the further development of existing actions aimed at preventing or remedying material negative impacts on workers in the value chain. With its measures, HORNBACH is already working now, and will continue to do so in future, on safeguarding a minimum level of standards in terms of respect for human rights as defined by internationally valid frameworks within the value chain. HORNBACH also closely monitors on an ongoing basis any potential changes resulting from the receipt of reports via its whistleblower system on potential violations. It also systematically records material penalty points in the audits conducted with its own business partners. Furthermore, HORNBACH evaluates the development in the systematic implementation and communication of expectations and obligations within the value chain. Based on the results, further measures are taken as required and existing processes are adjusted. Material topics relating to workers in the value chain are reported by the Compliance department, which has existed as a separate department since 2022, without delay to the Board of Management. Furthermore, this department reports to the Board of Management and Supervisory Board on a half-yearly basis and submits a report of the Human Rights Officer once a year as required by § 4 (3) of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG). Further information can be found in the "Actions and resources" and "Remedial actions and grievance handling mechanism" sections.

Apart from these general targets concerning actions, HORNBACH currently does not have any time-bound and outcome-oriented targets related to workers in the value chain.

3.2.3 Actions and resources

For the impacts, risks, and opportunities identified in connection with the topics of working conditions, equal treatment and opportunities for all, and other work-related rights, HORNBACH has implemented various actions that are chiefly coordinated and monitored by the Compliance and CSR departments. In addition, further departments are involved in the actions or have implemented their own actions to counter negative impacts on workers in the value chain. All actions serve to prevent or mitigate negative impacts on workers in the value chain and in some cases to remedy such impacts. They are based on HORNBACH's commitment to respect universal human rights and to comply with its human rights-related due diligence obligations and with internationally valid standards and guidelines. This commitment is also anchored in HORNBACH's policies. Implementing measures aimed above all at preventing negative impacts on workers in the value chain simultaneously forms the basis for minimizing the risks resulting from the consequences of these impacts for HORNBACH. The actions are determined on an individual basis in a manner appropriate to the respective situation and then monitored in terms of their effectiveness in order to obtain the best possible results. If there are indications that a specific action is not meeting its objective as a result, for example, of insufficient insights into the results or feedback from workers in the value chain, then the action is adjusted accordingly. HORNBACH makes every effort to continually develop its actions further and to implement new actions in line with requirements in order to work towards improving working conditions and the human rights situation in its value chain. Preventing actual negative impacts on workers in the value chain is a material aspect of HORNBACH's sustainability strategy. For the current period under report, HORNBACH is not aware of any actual negative impacts of its business activities, as a result of which no remedial actions were performed. No initiatives or actions to pursue positive impacts on workers in the value chain or opportunities related to workers in the value chain are currently in place. Such initiatives and actions are to be added to HORNBACH's sustainability strategy at the given time and in line with the company's possibilities.

The following actions relate in particular to internal (procurement) practices or in cooperation with other companies:

Control measures at business partners related to working conditions, equal treatment and opportunities for all, and other work-related rights (HORNBACH IROs S2.1a, S2.1b, S2.1c, S2.1d, S2.1e, S2.1f, S.2.2a, S.2.2b, S2.3a, S2.3b, S2.3c, and S2.3d)

Audits at business partners

HORNBACH's Quality Management department regularly commissions certified, accredited, and independent audit institutes to perform standardized audits to check compliance with quality, environmental, and social standards at the business partners of HORNBACH Baumarkt AG and in some cases also of HORNBACH Baustoff Union GmbH. Among other factors, these audits check respect for human rights and related working conditions. Where applicable, a corrective action plan is subsequently compiled to stipulate the actions required by the business partner (further information can be found in the "Actions and resources" section of the "Pollution" chapter). Should there be substantiated indications of infringements of the requirements of the CSR Standards or of a correspondingly higher classification in the business partner risk analysis, moreover, HORNBACH performs additional control measures pursuant to § 6 (4) No. 4 of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) at the direct suppliers of the HORNBACH Group. The areas tested within the audits have been adjusted for these special LkSG audits in accordance with the contents of the CSR Standards. Furthermore, where applicable the LkSG audits focus on indications received concerning infringements. LkSG audits should be performed as quickly as possible in order to swiftly detect potential negative impacts on workers in the value chain and to remedy these where possible. In the event of severe infringements, the termination of the business relationship is only provided for in cases where milder actions do not show the required effect. Any deficiencies detected have to be remedied within a deadline to be determined. This may require the compilation of a (joint) remedial concept and thus the determination of the actions to be performed. This action is to be performed on an ongoing basis in future as well.

Information request from business partners

In following up potential incidents in the supply chain at our (in)direct business partners, if it receives substantiated indications HORNBACH regularly relies initially on requesting information from its direct business partners. These requests are intended, for example, to clarify a situation or to obtain access to documentation (see § 6 (4) No. 4 of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG)). With this approach, HORNBACH aims to gather information in order to avert potential human rights and environmental-related infringements in its supply chains at an early stage or to end or minimize as far as possible the negative impacts on those workers potentially affected. Depending on the contents of the responses, further actions are initiated, such as issuing requests to implement specific processes.

Prohibition of multiple subcontracting by transport service providers as action related to working conditions, equal treatment and opportunities for all, and other work-related rights (HORNBACH IROs S2.1a, S2.1b, S2.1c, S2.1d, S2.1e, S2.1f, S.2.2a, S.2.2b, S2.3b, and S2.3d)

When commissioning transport service providers for partial and full loads, i.e. direct transports to and from HORNBACH's logistics centers, which are commissioned by HORNBACH's Transport Management department and for which HORNBACH's Transport Management department is the contractual partner, HORNBACH only permits the order to be subcontracted to one subcontractor (no freight exchanges). This subcontractor may not further subcontract the order. The objective here is to ensure that the transport is performed for HORNBACH either by the contract partner directly or by its fixed subcontractor, e.g. in order to avoid empty runs. This is intended to prevent the order from being executed by companies that do not meet HORNBACH's environmental and social standards, or at least to render this more difficult. This action is already in place and is to be retained.

Actions for the procurement of timber and natural stone as actions related to working conditions and other work-related rights (HORNBACH IROs S2.1a, S2.1b, S2.1c, S2.1d, S2.1e, S2.1f, S2.3a, S2.3b, S2.3c, and S2.3d)

HORNBACH is continually developing its product range further to account for sustainability perspectives. HORNBACH's product range should allow customers to factor ecological, health, and social aspects into their purchasing decisions. In view of this, HORNBACH has already implemented the following actions:

- Since 2013, HORNBACH Baumarkt AG Subgroup has delisted hand-hewn natural stones from its product range.
- Since 2007, timber from growing areas outside the EU has to bear the FSC seal. This requirement has applied for imported tropical timber since 1996 already. This applies for the whole of the HORNBACH Group (see the "Actions and resources" section of the "Biodiversity" chapter).

These actions relating to the procurement of timber and natural stones are to be retained.

Forwarding CSR Standards to business partners of the HORNBACH Group as action related to working conditions, equal treatment and opportunities for all, and other work-related rights (HORNBACH IROs S2.1a, S2.1b, S2.1c, S2.1d, S2.1e, S2.1f, S.2.2a, S.2.2b, S2.3a, S2.3b, S2.3c, and S2.3d)
In line with a risk-based approach, the CSR Standards are forwarded to the direct suppliers of all companies in the HORNBACH Group with the request for these to be signed and returned. These are intended to oblige the business partners of the HORNBACH Group to comply with human rights and environmental-related regulations, and to address these standards further upwards in the supply chain, and thus above all to safeguard suitable working conditions for workers in the value chain. Further information can be found in the “Strategy, business model, and value chain” section of the “General disclosures” chapter.

Further actions include the following:

Business partner risk analysis as action related to working conditions, equal treatment and opportunities for all, and other work-related rights (HORNBACH IROs S2.1a, S2.1b, S2.1c, S2.1d, S2.1e, S2.1f, S.2.2a, S.2.2b, S2.3a, S2.3b, S2.3c, and S2.3d)
In the context of the business partner risk analysis conducted pursuant to § 5 of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG), HORNBACH allocates its direct suppliers to specific risk classes based on the country in which they are based or the country in which the articles originate, their sector, and the commodities supplied. The relevant data is collected at least once or year or on an ad-hoc basis by a service provider. HORNBACH also monitors the media on a monthly basis to identify any material changes relating to these criteria or its business partners. Depending on the risk classification, further actions are taken to minimize risks, such as audits of business partners. This action is already in place and is to be retained.

Appointment of Human Rights Officer as action related to working conditions, equal treatment and opportunities for all, and other work-related rights (HORNBACH IROs S2.1a, S2.1b, S2.1c, S2.1d, S2.1e, S2.1f, S.2.2a, S.2.2b, S2.3a, S2.3b, S2.3c, and S2.3d)
The Human Rights Officer of the HORNBACH Group is simultaneously the head of the Compliance department and monitors the company’s risk management pursuant to § 4 of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG). He is the contact partner for all topics relating to compliance with human rights and environmental-related obligations in HORNBACH’s own operations and its supply chains. This is intended to ensure that responsibility for these topics is clearly defined and that any matters arising can be swiftly processed. He is supported by the Compliance, CSR, and Quality Management departments. The appointment of the Human Rights Officer was implemented in December 2022 and is to be retained.

Work safety actions related to working conditions (HORNBACH IROs S2.1b and S2.1f)
As third-party individuals, workers in the value chain who work on site at HORNBACH’s locations are (for their own protection) also subject to HORNBACH’s work safety regulations and receive instruction in these. Further information can be found in the “Actions and resources” section of the “Own workforce” chapter.

Quality assurance actions related to working conditions (HORNBACH IROs S2.1b and S2.1f)
HORNBACH implements quality assurance measures, such as article acceptance tests or product quality tests, in order to protect customers, including customers in the downstream value chain, against defective products and their impacts. Further information can be found in the “Actions and resources” section of the “Consumers and end-users” chapter.

Actions at logistic centers related to working conditions and other work-related rights (HORNBACH IROs S2.1b, S2.1c, S2.1e, S2.3b, and S2.3d)
At its logistics centers in Bocholt, Castrop-Rauxel, Duisburg, Enzersdorf/Fischa, Essingen, Hünxe, Lehrte, Neuenburg am Rhein, Soltau, Speyer, and Vilshofen, HORNBACH provides the drivers arriving at the logistics centers with the following support services aimed at meeting their basic needs in terms of catering and personal hygiene:

- Sanitary facilities (toilets and showers)
- Recreation rooms with coffee machines and in some cases snack machines
- Free WLAN at the parking spaces.

These actions are to be retained. No further actions are currently being planned, but will be developed as required. No action plan involving significant operational expenditure (OPEX) or capital expenditure (CAPEX) was implemented for these topics in the year under report.

Information about reports of human rights violations in HORNBACH's value chain can be found in the "Policies related to value chain workers" section.

3.2.4 Remedial actions and grievance handling mechanism

Workers in the value chain can use HORNBACH's whistleblower system to report any infringements of national and international laws, as well as of (internal) regulations and policies, and thus facilitate prompt investigation of misconduct and the discontinuation of such. HORNBACH's whistleblower system pursuant to the German Whistleblower Protection Act also acts as a grievance handling mechanism pursuant to § 8 of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG). It thus also facilitates reports of infringements within HORNBACH's supply chains and, given its publication on HORNBACH's websites, reports of infringements within the whole of the value chain. It therefore covers all material impacts of HORNBACH's business activities.

To inform workers in the value chain in particular about the reporting channels for HORNBACH's whistleblower system, the CSR Standards include the requirement that the business partner must inform its employees about this system. In the audits of business partners, individual workers in the value chain and the business partner itself are also informed about the grievance handling mechanism.

Depending on the type of action, the effectiveness of remedial actions for workers in the value chain is safeguarded by performing follow-up checks, such as the submission of documents or monitoring audits at direct business partners. Further information about remedial actions and grievance handling mechanisms can be found in the "Remedial actions and grievance handling mechanism" section of the "Own workforce" chapter.

3.3 ESRS S3 Affected communities

3.3.1 Impact, risk, and opportunity management

HORNBACH is committed to respecting universal human rights and complying with human rights-related due diligence obligations in its own operations and the value chain, as well as to the relevant internationally valid standards and policies. HORNBACH therefore endeavors to structure its business activities in such a way that negative impacts on the value chain and, related to this, on affected communities, are avoided or correspondingly reduced. As a retail company with international operations, a highly varied product range, and complex supply chains, however, HORNBACH cannot exclude the possibility that negative impacts on the economic, social, and cultural rights of communities, or the rights of indigenous peoples, arise in the upstream value chain, such as in the extraction of commodities or the production of goods.

In the context of HORNBACH's own operations, by contrast, positive impacts arise due to the social commitment that forms part of the company's business responsibility and sustainability strategy.

Impacts, risks, and opportunities related to affected communities
Based on the double materiality assessment conducted in accordance with the requirements of ESRS 2, HORNBACH identified potential negative impacts on affected communities (see the "Strategy, business model, and value chain" section of the "General disclosures" chapter). The ESRS 2 disclosures include all communities that may be affected by the impacts of HORNBACH's business activities.

Economic, social, cultural rights
Local communities may be negatively affected by the degradation of countryside, or by visual impacts, resulting for example from the extraction of commodities or materials, particularly in the upstream value chain (HORNBACH IRO S3.1.a). The living conditions of local communities (including restricted access to clean water or air pollution) in the upstream value chain may also be negatively affected due to the extraction of resources and commodities (HORNBACH IRO S3.1.b).

Rights of indigenous peoples
Due to mining or commodities extraction activities performed by companies in the upstream value chain in the original territory of indigenous peoples, there is the possibility of (psychological) harm being caused to these peoples due to the relocation of their communities as a result of these activities (HORNBACH IRO S3.2.a).

The negative impacts are indirectly associated with HORNBACH's business activities. Due to its supply chains, which are long and non-transparent and involve large numbers of players and a large range of products and raw materials, HORNBACH only has very limited visibility and possibilities to influence the more distant stages of the value chain. In view of this, the potential impacts on people and the environment in the upstream value chain outlined above cannot be excluded.

It is also not possible to determine the specific communities that may be indirectly affected by the potential material negative impacts of business activities with any precision or reliability. However, given HORNBACH's business model as a retail company and its international activities, which are indirectly associated with the extraction, production, further processing, and further use of a wide variety of commodities worldwide, there is a basic likelihood that this aspect in particular could impact negatively on the economic, social, and cultural rights of communities and on indigenous peoples. There are countless local communities close to HORNBACH's operating locations (head offices, stores, and logistics centers) and close to the operating locations of its business partners and further players in the value chain, all of which may be affected by HORNBACH's business activities. These also include communities at the end points of the value chain, such as those close to waste management companies or commodities extraction activities. Due to HORNBACH's international alignment, it must also be assumed that indigenous peoples worldwide may be exposed to the impacts of HORNBACH's business activities. It has so far not been possible to develop any more in-depth understanding of the extent to which affected communities with specific characteristics and communities living in specific environments or performing specific activities may be more at risk.

That makes it all the more important for the company to maintain long-term, trusting relationships with its business partners that are based on trust, respect, and a sense of responsibility. One essential aspect here is respect for and compliance with the CSR Standards for the business partners of the HORNBACH Group, as well as with the standards and policies listed below, which also have an indirect impact on affected communities. It is apparent, particularly for partners outside Europe, that stable, long-term cooperation is the best prerequisite for influencing the working conditions of people forming part of affected communities. HORNBACH expects its direct business partners to communicate and safeguard HORNBACH's requirements further upwards in the value chain as well.

If the HORNBACH Group becomes aware that its business activities have or potentially could have material negative impacts on specific communities, then the business activities in question are subject to a critical review which accounts for all dimensions of sustainability.

By contrast, positive impacts on communities arise in the areas surrounding the retail, logistics, and administration locations due to various forms of social commitment that impact positively on people and the environment.

Social commitment
In line with its commitment to society, HORNBACH supports the work performed by local associations and organizations in the areas surrounding its individual locations in a variety of ways in all the countries in which it operates. Nurseries, schools, and numerous other social welfare organizations often lack the resources to tackle construction, refurbishment, and garden projects. In view of this, HORNBACH supports or initiates projects to promote a sustainable society, for example by donating materials to social welfare organizations (HORNBACH IRO S3.3a). In many cases, these organizations also lack DIY expertise. HORNBACH offers well-qualified skills and implementation knowledge, as well as the active participation of employees, to support such organizations in implementing a variety of projects. In other projects, the company promotes the self-efficacy and manual skills and training of (young) people (HORNBACH IRO S3.3b). Furthermore, in some cases HORNBACH also donates goods that would otherwise be destroyed to social welfare organizations (HORNBACH IRO S3.3c). As the operator of DIY stores, garden centers, and builders' merchant outlets, HORNBACH has a broad and deep product range which offers the resources required to implement the aforementioned projects.

No material risks or opportunities were identified which result from impacts and dependencies related to affected communities in general or to specific groups in particular.

Policies related to affected communities
HORNBACH has anchored its approach to the impacts, risks, and opportunities related to the topics of economic, social, cultural rights, the rights of indigenous peoples, and its social commitment in various policies. Due to the lack of direct (business) relationships, negative impacts are predominantly managed indirectly via HORNBACH's business partners. All policies are reviewed on an ad-hoc basis in terms of their appropriateness and up-to-dateness. Further information can be found in the "Remedial actions and grievance handling mechanism" section of the "Own workforce" chapter and in the following "Engagement with affected communities" section.

CSR Standards for the business partners of the HORNBACH Group as policy related to economic, social, cultural rights and rights of indigenous peoples (HORNBACH IROs S3.1a, S3.1b, and S3.2a)

The CSR Standards for the business partners of the HORNBACH Group (hereinafter: CSR Standards) are a set of social and environmental standards for direct suppliers to the HORNBACH Group (see the "Strategy, business model, and value chain" section of the "General disclosures" chapter). They address all potential material negative impacts on affected communities and also refer in particular to the prevention of negative environmental impacts, impairments of the livelihoods of people, and physical integrity. Among other aspects, the CSR Standards instruct business partners to respect all applicable local, national, international, and traditional land, water, and resource rights, as well as the free, prior, and informed consent called for by ILO Convention 169 when acquiring, building on, or otherwise using land, water, and resources that secure the livelihood of a person, and to ensure that these rights are complied with. This particularly applies to indigenous communities. If HORNBACH gains awareness of potential infringements affecting indigenous peoples, specific and appropriate actions have to be taken to minimize the risk of human rights violations or, if necessary, to remedy such.

CSR Guidelines as policy related to economic, social, cultural rights, rights of indigenous peoples, and social commitment (HORNBACH IROs S3.1a, S3.1b, S3.2a, S3.3a, S3.3b, and S3.3c)

The CSR Guidelines record the overriding sustainability topics and presents the CSR strategy of the HORNBACH Group. An extensive description of the policy can be found in the "Strategy, business model, and value chain" section of the "General disclosures" chapter. The CSR Guidelines are aimed at an open target group of employees and business partners. Furthermore, this policy also covers negatively affected communities at least on a peripheral basis. The CSR Guidelines also explain HORNBACH's approach to the value chain and the associated rights of people and the environment, as well as setting out the objectives for positively influencing society. In this, more detailed information is provided via technical channels (QR codes). This enables potentially affected stakeholders from affected communities to find further information.

Whistleblower Policy as policy related to economic, social, cultural rights and social commitment (HORNBACH IROs S3.1a, S3.1b, S3.3a, S3.3b, S3.3c)

The Whistleblower Policy summarizes the general functionality of HORNBACH's whistleblower system as required by the German Whistleblower Protection Act. At the same time, it serves to provide clear, easily understandable, and publicly accessible information about the accessibility, responsibilities, and implementation of the procedures adopted to handle complaints concerning human rights and environmental-related risks and infringements in supply chains as required by the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG). Its publication on HORNBACH's websites enables infringements to be reported from the whole of the value chain. The policy addresses all material impacts of HORNBACH's business activities both on workers in the value chain and on affected communities. Infringements of national and international laws, as well as of (internal) regulations and policies, and reports of infringements in the value chain, irrespective of the community specifically affected, may be reported by members of affected communities. Further information can be found in the "Remedial actions and grievance handling mechanism" section and in the "Policies related to own workforce" section of the "Own workforce" chapter.

Policy Statement on Company Due Diligence Obligations and Human Rights in Supply Chains of the HORNBACH Group as policy related to economic, social, cultural rights and social commitment (HORNBACH IROs S3.1a, S3.1b, S3.3a, S3.3b, and S3.3c)
With its Policy Statement on Company Due Diligence Obligations and Human Rights in Supply Chains of the HORNBACH Group (hereinafter: "Policy Statement"), HORNBACH meets its due diligence obligation to submit a policy statement pursuant to § 3 (1) No. 4 in conjunction with § 6 (2) of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG). The policy is described in the "Policies related to value chain workers" section of the "Workers in the value chain" chapter. The Policy Statement explains the approach taken by the HORNBACH Group with regard to respect for human rights and workers' rights and to compliance with environmental-related obligations and the measures implemented in this respect in its own operations and supply chains. On a peripheral basis, it addresses all material impacts on affected communities in the value chain and the associated risks for human rights and the environment. In this, the CSR Standards, CSR Guidelines, and Policy Statement are based, among other sources, on internationally valid standards and policies. Specifically:

- The United Nations Guiding Principles on Business and Human Rights (UN Guiding Principles) from 2011
- The United Nations Universal Declaration of Human Rights dated December 10, 1948
- The Conventions, Protocols, and Recommendations of the International Labour Organization (ILO) on labor and social standards.

Further information about the individual (remedial) actions which HORNBACH implements with regard to affected communities can be found in the "Actions and resources" section.

No significant changes were made to the aforementioned policies in the period under report. No severe human rights-related problems and incidents arose in connection with affected communities in the period under report. HORNBACH did not receive any reports in the year under report of incidents of non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises in connection with the company's own operations or in its upstream and downstream value chain in which affected communities were involved. Should the company receive indications that international frameworks had been infringed, for example due to reports by affected parties or the like, the company would immediately initiate remedial (and mitigation) actions. HORNBACH's whistleblower system can be used for reports of this kind (see the "Remedial actions and grievance handling mechanism" section).

Engagement with affected communities
HORNBACH engages with affected communities indirectly by conducting audits at its business partners. These are described in the "Actions and resources" section. In this context, the interviews held with select workers in the value chain, who may form part of a community affected by material impacts of HORNBACH's business activities, are additionally asked whether they are aware of any negative impacts of the business activities of the business partner on third parties, such as local communities or indigenous peoples. This exemplary form of open question means that no group is excluded and that the interview partner is explicitly encouraged to mention groups at particular risk. Further details on the conduct of these interviews can be found in the "Engagement with workers in the value chain" section of the "Workers in the value chain" chapter. If an affirmative response were received, a corresponding dialog would be sought with the affected communities based on factors such as the scale of the impact and HORNBACH's ability to influence or role in causing the impact. If necessary, remedial actions would be initiated. Based on the results of the audits, HORNBACH reaches decisions on matters including whether to enter into or maintain its business relationships and whether to implement suitable remedial and mitigation actions, also with regard to impacts on affected communities. If indications are received that the actions do not produce the expected results, whether due to a lack of insight or due to feedback from the affected communities, then

actions are adapted to the best possible extent. In addition, everyone, including members of affected communities, can report their concerns directly and at any time using HORNBACH's whistleblower system (see "Remedial actions and grievance handling mechanism" section). Responsibility for this and for addressing the results is incumbent on the Human Rights Officer of the HORNBACH Group. Further information can be found in the "Actions and resources" section and in the "Interests and views of stakeholders" section of the "General disclosures" chapter.

Other than this, there is no direct engagement with affected communities addressing the potential negative impacts identified or any other interaction with this stakeholder group.

3.3.2 Targets

HORNBACH has very limited influence on more distant stages of the value chain, and specifically on the extraction of commodities. Should HORNBACH gain awareness of negative impacts, the necessary changes can only be implemented on a long-term basis, with great effort, and in some cases only in part. HORNBACH's initial focus is on implementing those laws which include requirements for sustainability topics in the value chain, and on working constantly to further develop the actions already in place to avert material negative impacts on affected communities or to remedy such. With its measures, HORNBACH is already working now, and will continue to do so in future, on safeguarding a minimum set of standards for compliance with human rights in communities in accordance with internationally valid frameworks (see "Policies related to affected communities" section).

Furthermore, HORNBACH closely monitors potential changes concerning the receipt of reports via its whistleblower system on potential infringements and systematically records significant indications of negative impacts of the business activities of its business partners on third parties, such as local communities or indigenous peoples. In addition, HORNBACH evaluates the systematic implementation and communication of expectations and obligations within the supply chain. Material topics relating to affected communities in the value chain in connection with HORNBACH's business activities are reported by the Compliance department without delay to the Board of Management. Furthermore, this department reports to the Board of Management and Supervisory Board on a half-yearly basis and submits a report on the activity of the Human Rights Officer once a year as required by § 4 (3) of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG). Further information can be found in the "Actions and resources" section.

Apart from its ambition to avoid negative impacts of its business activities on affected communities wherever possible and to generate positive impacts due to its existing social commitment on a local basis, HORNBACH currently does not have any time-bound and outcome-oriented targets related to HORNBACH IROs 3.1 and 3.2.

3.3.3 Actions and resources

HORNBACH has implemented various actions in connection with the impacts, risks, and opportunities identified for the topics of economic, social, cultural rights and the rights of indigenous peoples. These actions are chiefly coordinated and monitored by the Compliance and CSR departments. The actions are based on HORNBACH's commitment, which is anchored in its policies, to respecting universal human rights and complying with human rights-related due diligence obligations and internationally valid standards and policies. The actions related to social commitment are performed in the awareness that HORNBACH would like to pass on part of its success as a company to society. They serve to actively promote social objectives to the benefit of affected communities. The effectiveness of all actions is considered and monitored on an individual basis. If there are indications that an action is not meeting its objective, for example due to insufficient insights or results or feedback from affected communities in the value chain, then the actions are adapted accordingly or reviewed in terms of their expediency and further developed if appropriate. These actions are conducted on an ongoing basis or are proactively initiated in line with requirements. Information about the availability of HORNBACH's whistleblower system can be found in the "Remedial actions and grievance handling mechanism" section of the "Own workforce" chapter. If necessary and where possible, HORNBACH's sustainability strategy is to be supplemented with further actions related to affected communities.

In the current period under report, HORNBACH did not gain awareness of any actual negative impacts of its business activities on affected communities. As a result, no remedial actions were performed. There are currently no risks or opportunities related to affected communities in the value chain.

Organizational actions related to economic, social, cultural rights and rights of indigenous peoples (HORNBACH IROs 3.1a, 3.1b, 3.2a)

Appointment of Human Rights Officer

The Human Rights Officer of the HORNBACH Group is simultaneously the head of the Compliance department and monitors the company's risk management pursuant to § 4 of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG). He is the contact partner for all topics relating to compliance with human rights and environmental-related obligations in HORNBACH's own operations and its supply chains. This action is described in the "Actions and resources" section of the "Workers in the value chain" chapter.

Business partner risk analysis

In the context of the business partner risk analysis conducted pursuant to § 5 of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG), HORNBACH allocates its direct suppliers to specific risk classes based on the country in which they are based or the country in which the articles originate, their sector, and the commodities supplied. HORNBACH also monitors the media on a monthly basis to identify any material changes relating to these criteria or its business partners, and where applicable any insights gained concerning affected communities. This action is described in the "Actions and resources" section of the "Workers in the value chain" chapter.

Forwarding CSR standards to the business partners of the HORNBACH Group

In line with a risk-based approach, the CSR Standards are forwarded to the direct suppliers of all companies in the HORNBACH Group with the request for these to be signed and returned. These are intended to oblige the business partners of the HORNBACH Group to comply with human rights and environmental-related regulations, and to address these standards further upwards in the supply chain, and thus above all to safeguard indirect preventative effects which also benefit affected communities in the value chain. Further information can be found in the "Strategy, business model, and value chain" section of the "General disclosures" chapter.

Operative actions related to economic, social, cultural rights and rights of indigenous peoples (HORNBACH IROs 3.1a, 3.1.b, and 3.2a)

Audits at business partners
HORNBACH's Quality Management department regularly commissions certified, accredited, and independent audit institutes to perform standardized audits to check compliance with quality, environmental, and social standards at the business partners of the HORNBACH Baumarkt AG Subgroup and in some cases also of HORNBACH Baustoff Union GmbH Subgroup. Alongside various topics, such as respect for human rights, these audits also investigate the knowledge of the workers questioned, who may be part of a community affected by material impacts, concerning any negative impacts of the business activities of the business partner on third parties, such as local communities or indigenous peoples. Furthermore, the audit investigates whether the business partner actively engages with potentially affected communities. Where applicable, a corrective action plan is subsequently compiled to stipulate the actions required by the business partner. Should there be substantiated indications of infringements of the requirements of the CSR Standards or of a correspondingly higher classification in the business partner risk analysis, moreover, HORNBACH performs additional control measures pursuant to § 6 (4) No. 4 of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) at the direct suppliers of the HORNBACH Group. LkSG audits should be performed as quickly as possible in order to swiftly detect potential negative impacts on workers in the value chain or on communities indirectly or directly affected, and to remedy these where possible. Further information can be found in the "Actions and resources" section of the "Workers in the value chain" chapter and in the "Actions and resources" section of the "Pollution" chapter.

Information requests from business partners
By issuing requests for information pursuant to § 6 (4) No. 4 of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG), HORNBACH aims to gather information in order to avert potential human rights and environmental-related infringements in its supply chains at an early stage and to end or minimize as far as possible any negative impacts on affected communities. Further comments about information requests can be found in the "Actions and resources" section of the "Workers in the value chain" chapter.

Proactive dialog process with stakeholders (HORNBACH IRO 3.1a)
The company acts early to seek dialog with relevant stakeholders in connection with the construction of new stores and when planning, acquiring, and using land and performing the necessary land development. Among other purposes, this dialog is intended to avoid disadvantageous impacts on the countryside of local communities (including erosion or visual impacts). This enables potential concerns as to material negative impacts related to the construction project to be countered on a preventative basis and in good time. This approach has proven its worth and is to be retained.

Information about reports of human rights violations in HORNBACH's value chain can be found in the "Policies related to affected communities" section.

Actions related to social commitment (HORNBACH IROs S3.3a, S3.3b, and S3.3c)

Donations of materials to social welfare organizations
In all the countries in which it operates, HORNBACH aims to regularly promote projects aimed at building a more sustainable society. In particular, this involves donating materials to charitable and social welfare organizations, such as childcare centers, schools, hospitals, and associations. In some cases, these organizations are also supported in implementing their renovation or garden projects by HORNBACH staff members who can contribute the necessary specialist skills. These initiatives are managed by local DIY stores and

supported by the CSR Group function when necessary. This commitment is ongoing and is generally based on specific inquiries received from the social welfare organizations.

Donations of goods prior to destruction

HORNBACH's cooperation with Foodsharing e.V., which has been in place since October 2023, represents a specific form materials donations. In this cooperation, plants that would soon be disposed of in business operations and can no longer be sold are donated to the cooperation partner and distributed by this partner to social projects such as school gardens and youth centers.

Furthermore, pet food articles and other articles approaching their expiry date or past their best before date are donated, as are articles delisted from the existing merchandise portfolio. In the context of inquiries received for donations, these are provided to animal shelters for further use as donations. Here too, the process is initially managed by the local store management. In the interests of protecting resources and effective social commitment, this proven process is to be expanded for other articles no longer suitable for sale.

Craft skills training by HORNBACH and partners

In various projects, HORNBACH promotes the self-efficacy and manual skills of (young) people. These projects focus in particular on raising awareness for the value of resources and sustainability, as well as on boosting mental and social skills. With its "HORNBACH goes to school" project, together with its Forever Day One project partner HORNBACH rolls up its sleeves and offers young people practical support in taking their futures into their own hands. This program conveys manual, methodological, and social skills in various formats (work books, construction boxes, and multi-day workshop offerings at schools). HORNBACH's DIY stores support this program with materials, tools, and committed employees. This project is offered nationwide on an ongoing basis.

No further actions are currently being planned, but will be developed as required. No action plans involving significant operational expenditure (OPEX) or capital expenditure (CAPEX) were implemented for these topics in the year under report.

3.3.4 Remedial actions and grievance handling mechanism

Affected communities in the value chain can use HORNBACH's whistleblower system to report any infringements of national and international laws, as well as of (internal) regulations and policies, and thus facilitate prompt investigation of misconduct and the discontinuation of such. HORNBACH's whistleblower system pursuant to the German Whistleblower Protection Act also acts as a grievance handling mechanism pursuant to § 8 of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG). It thus also facilitates reports of infringements within HORNBACH's supply chains and, given its publication on HORNBACH's websites, reports of infringements within the whole of the value chain. It therefore covers all material impacts of HORNBACH's business activities.

Information about the reporting channels for HORNBACH's whistleblower system results indirectly from application of the CSR Standards. These contain the requirement that HORNBACH's respective business partner must inform its employees, who may also be part of potential affected communities, about HORNBACH's whistleblower system. Furthermore, the CSR standards also address the need to consider the rights of indigenous communities in particular. In the audits performed on business partners, individual workers, who may be part of affected communities, and the business partner itself are also informed directly about the grievance handling mechanism. In addition, as part of the measures taken to facilitate potential remedial actions the possibility of and potential need to publish the grievance handling mechanism in the affected community would be reviewed.

Depending on the type of action, the effectiveness of remedial actions in the value chain (relating to workers in the value chain and affected communities) is safeguarded by performing follow-up checks, such as the submission of documents or monitoring audits at direct business partners, to the extent that their activities have material negative impacts on the affected communities. If, in respect of its business activities, HORNBACH takes a remedial action directly related to a community affected by material negative impacts, the effectiveness is reviewed on the basis of the specific action. Further information about remedial actions and grievance handling mechanisms can be found in the "Remedial actions and grievance handling mechanism" section of the "Own workforce" chapter.

3.4 ESRS S4 Consumers and end-users

3.4.1 Impact, risk, and opportunity management

As a DIY retail company, HORNBACH directly addresses consumers and end-users. At HORNBACH Baumarkt AG, the largest Subgroup, customers are predominantly consumers who use the products and services on offer for private purposes. With its "ProfiService" and the structure of its product range, moreover, the HORNBACH Baumarkt AG Subgroup also directly targets trade firms and other commercial customers. The HORNBACH Baustoff Union GmbH Subgroup mainly targets commercial customers in the main and secondary construction trades. At both Subgroups, the commercial customers are either themselves the end-users or they in turn perform services for consumers and end-users. The same impacts related to the products used apply for these groups as for direct customers. All consumers and end-users that may be affected by HORNBACH's business activities are thus accounted for in the disclosure scope.

The HORNBACH Group does not offer any products or services that are inherently dangerous for people. Its product range nevertheless includes products for which any failure to comply with their instructions for use might potentially be dangerous. The HORNBACH Baumarkt AG Subgroup processes large volumes of customer data in connection with use of the online shop and the HORNBACH app, as well as with other services. The HORNBACH Baustoff Union GmbH Subgroup also has customer data in connection with customer relationships in its stationary retail business. Furthermore, both Subgroups are active on social media platforms and interact with customers. Any data protection incident may therefore have potential negative impacts. At the same time, active use of social media, despite their moderated commentary functions, always harbors the risk of discrimination for customers.

HORNBACH does not address any particularly vulnerable consumers or end-users with its business model. Furthermore, no customer groups or users of specific products or services who are particularly at risk have been identified. All customer groups are equally affected by material risks and opportunities which result from impacts and dependencies.

Impacts, risks, and opportunities (IROs) related to consumers and end-users

Based on the double materiality assessment (see the "Materiality results" section in the "General disclosures" chapter), the following IROs were identified as material.

Information rights

By providing extensive product and project information, HORNBACH aims to enable its customers to make the right purchase decision for themselves. Easy access to the information needed to support a purchase decision impacts positively on the customer experience. Given the broad and complex product range, an extensive range of information is of crucial significance in DIY retail (HORNBACH IRO S4.1b). Furthermore, systematic complaints and claims management and high-quality customer service help to promote customer satisfaction and to optimize the product range and services in line with customers' wishes (HORNBACH IRO S4.1d).

Due to the processing of the customer data required, for example for online purchases or to use the app, any breach of data protection requirements may have material negative impacts (HORNBACH IRO S4.1a). Conversely, the transparent communication of data protection measures may boost the trust customers place in the company (HORNBACH IRO S4.1c).

Safety

As a retail company, HORNBACH bears a particular responsibility towards consumers and end-users with regard to the quality and safety of the articles in its product range. This particularly applies to private label and imported goods for which the company is the distributor. Any deficiency in product safety or lack of information on the correct use of products may pose a risk for customers (HORNBACH IRO S4.2a). In DIY retail, this is relevant, for example, for machines, electronic equipment, and plant protection products. In general, the inspection duties applicable in the EU and Switzerland mean that the risk of a severe hazard is low. However, this risk cannot be fully excluded. Furthermore, due to the heavy and bulky nature of products in the product range, the process of shopping in DIY stores and garden centers may also harbor risks (HORNBACH IRO S4.2b). Safety at the stores is closely linked to the topic of work safety and the safety of the company's own workforce (see "Own workforce").

Customer satisfaction

Aligning its retail and service business to customers' needs and wishes is a crucially significant factor to HORNBACH. In view of this "customer satisfaction" is reported on as a company-specific topic. Consideration of the findings of regular customer surveys and the assessment of customer interactions enable the company to continuously improve its range of products and services (HORNBACH IRO S4.3a) and may have a positive influence on customer satisfaction and the company's sales performance (HORNBACH IRO S4.3b). On the other hand, inadequate consideration of customers' needs may lead to lower customer satisfaction, a loss of reputation, and reduced sales (HORNBACH IRO S4.3c).

Sustainability labeling in product range

By achieving internal transparency concerning the origin, contents, and environmental impact of its products, HORNBACH aims to offer a more sustainable product range to its customers. In view of this, HORNBACH is currently developing a methodology enabling it to label products offering sustainability benefits in its internal article master data. In future, the labeling of sustainable products may also help customers to consider environmental and social factors in their purchase decisions. This is particularly important given the wide variety of the DIY store product range and its different sustainability aspects. Further developing the product range with a focus on sustainable products may also boost trust in the company and lead to higher sales (HORNBACH IRO S4.4a-c).

The actual negative impacts on consumers and end-users arising in business activities tend to involve individual cases. A group of customers may nevertheless also be affected, for example in the event of a data protection incident. The negative impacts are not linked to specific business connections. Any clusters of negative impacts may contribute to a reduction in customer satisfaction (HORNBACH IRO 4.3c). Remedial actions for actual negative impacts refer individually to the specific case.

Positive impacts on consumers and end-users are chiefly achieved by offering an extensive range of information and advice and by further developing the product range and services in line with customers' wishes. This process is supported by providing information about articles and guidebooks in the web shop, by providing advice at the stationary retail outlets, and via the customer service center. Customer-focused expansion in the information and advice available, also with regard to sustainability aspects, may improve customers' perceptions and thus contribute to a positive sales performance (HORNBACH IRO S.4.4b, S4.4c).

Policies related to consumers and end-users

CSR Guidelines as policy related to safety and the labeling of sustainable articles (HORNBACH IROs S4.2a and S4.4a-c)

The CSR Guidelines, which are valid on a Group-wide basis, also covers the product range strategy in respect of sustainable products, product labeling, and product quality. Improvements in product information are accounted for both when structuring the product range and when presenting the products in the online shop and at stationary retail stores. Product safety requirements and the availability of product labeling and application and safety instructions are partly based on legal requirements. In addition, some products bear quality or environmental seals on a voluntary basis. Responsibility for structuring the product range is incumbent on the relevant procurement managers. Monitoring product quality is the responsibility of the Quality Management and Environment department at the HORNBACH Baumarkt AG Subgroup, if applicable also on behalf of the HORNBACH Baustoff Union GmbH Subgroup. With regard to human rights, the CSR Guidelines refer to the United Nations Guiding Principles on Business and Human Rights, the United Nations Universal Declaration of Human Rights dated December 10, 1948, and the Conventions, Protocols, and Recommendations of the International Labour Organization (ILO) on labor and social standards. Further information about the CSR Guidelines can be found in the "Strategy, business model, and value chain" section of the "General disclosures" chapter.

Group Data Protection Policy as policy related to information rights (HORNBACH IROs S4.1a and S4.1c)

In the countries in which it operates, the HORNBACH Group is subject to the requirements of the European General Data Protection Regulation (GDPR) and the respective national data protection laws, as well as the Swiss Data Protection Act. These legal requirements govern the collection, storage, use, and transmission of data. The most important principles include the lawfulness, transparency, and specification of purpose of data processing, data minimization, accuracy, storage limits, integrity, and confidentiality. Furthermore, the legislation provides data subjects with various rights, including the right to information, rectification, erasure, restriction in processing, data portability, and objection. To assist employees in complying with applicable laws and ensure consistent implementation at the Group, HORNBACH has implemented a Group Data Protection Policy which lays down the minimum organizational standards and a uniform framework for using and protecting personal data at the HORNBACH Group. It particularly relates to the data of employees, applicants, visitors, customers, and business partners. The Group Data Protection Policy describes the objectives and principles of data protection for the whole of the HORNBACH Group and lays downs responsibilities and accountabilities for data protection within the companies of the HORNBACH Group. The Board of Management of HORNBACH Management AG is responsible for monitoring compliance with data protection in all parts of the Group. Within the Board of Management, responsibility is allocated to the CFO's division. The Board of Management has appointed a Group Data Protection Manager, who reports to the relevant member of the Board of Management and the Chief Compliance Officer. The Group Data Protection Manager is entitled to regularly review compliance with the policy and with applicable data protection laws at all HORNBACH companies on a regular basis, or to have such compliance reviewed. The operative HORNBACH companies report on a regular basis, and at least once a year, to the Group Data Protection Manager on data protection at their respective companies. The Group Data Protection Policy has to be implemented by all employees of the HORNBACH Group and is available on the intranet in all Group languages. It is supplemented by topic, country, and/or target-group specific policies. Data protection information (privacy notice) is deposited on the websites of the online shops and in the HORNBACH apps, and is integrated into social media channels via links.

Safety Handbook as policy related to customer safety (HORNBACH IRO S4.2b)

The basic principles of safe conduct and work are summarized in HORNBACH's Safety Handbook. This serves as a source of information and defines general safety standards at the retail outlets. Further information about the Safety Handbook can be found in the "Policies" section of the "Own workforce" chapter.

HORNBACH Customer Service Center Guidelines as policy related to information rights and customer satisfaction (HORNBACH IROs S4.1b, S4.1d, and S4.3a-c)

The Customer Service Center (CSC) Guidelines outline the role played by the CSC within the HORNBACH Baumarkt AG Subgroup and focus on the core topics of "Enable customers to implement their projects" and "Listen to the customer", i.e. on the one hand offering competent advice about products and projects and on the other hand evaluating customer interactions. The CSC Guidelines are applicable for the HORNBACH Baumarkt AG Subgroup and are the responsibility of the CSC management, which reports directly to the Subgroup's CEO. The CSC Guidelines are tailored to HORNBACH's requirements and are not based on external standards. The underlying processes and systems are continually improved in line with customers' need for advice and information. The guidelines are available to employees in all Group languages on the intranet. At the HORNBACH Baumarkt AG Subgroup, HORNBACH IRO S4.3a-c is additionally accounted for by the operative and strategic work performed by the Marketing Intelligence department.

Customer claims process as policy related to information rights and customer satisfaction (HORNBACH IROs S4.1d and S4.3b,c)

The Customer Claims Process Guidelines outline the approach taken to customer complaints and claims at the HORNBACH Baumarkt AG Subgroup and are intended to increase customer satisfaction. The guidelines include advice on how to assess and review complaints or claims, as well as on rights of return and guarantee conditions. Supplementary guidelines are in place for the claims process relating to the Trade Service. Responsibility for the claims process is incumbent on the Store Processes department, whose director reports directly to the Board of Management of the HORNBACH Baumarkt AG Subgroup. The customer claims process is tailored to HORNBACH's requirements and is not based on external standards. The underlying processes are continually improved based on customer feedback. The guidelines are implemented by employees at the stationary retail locations and in the Customer Service Center and are available to employees in all Group languages on the intranet.

In addition to the aforementioned policies, HORNBACH has submitted a "Policy Statement on Company Due Diligence Obligations and Human Rights in Supply Chains" consistent with internationally valid standards and policies. This does not explicitly focus on the protection of consumers and end-users, but does address compliance with legal requirements relating to merchantability and threshold values. The Human Rights Officer appointed by HORNBACH is also available as a contact partner for consumers and end-users (see "Policies" and "Actions" sections in the "Workers in the value chain" chapter). In the year under report, HORNBACH did not become aware of any incidents of non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises. Similarly, no severe human rights-related incidents were identified in connection with consumers and end-users. The policies referred to above cover consumers and end-users who are customers of HORNBACH or use HORNBACH products. The Customer Service Center

Guidelines and the Customer Claims Process Guidelines only refer to direct customers of the HORNBACH Baumarkt Subgroup.

Engagement with consumers and end-users

Employees at the retail locations of the HORNBACH Group and in the Customer Service Center (CSC) of the HORNBACH Baumarkt AG Subgroup are regularly in direct contact with consumers and end-users. Their activities include advising customers with regard to projects, products, and services, including relevant information on product safety, as well as on claims and complaints. Customer inquiries received by telephone, contact form, e-mail, or letter are systematically recorded and processed by the CSC with the assistance of software and then forwarded to the relevant department. Furthermore, HORNBACH receives feedback from customers via social media channels and product reviews in the online shop. These too are systematically evaluated. Information from customers on the one hand enables errors to be identified, for example in the product information in the online shop. On the other hand, the analysis of customer feedback enables problems to be detected and potential customer service improvements to be devised.

Product recalls are communicated via the online shop and by displaying notices at the stationary stores. Where contact data is available for customers who purchased the product, the customers are contacted by the company. Customers are also informed in the event of any data protection incident involving high risk for the personal rights and freedoms of the persons affected.

HORNBACH also receives indications as to how satisfied its customers are with its range of products, information, advice, and services from external customer surveys conducted on an annual basis. To evaluate customer satisfaction, the HORNBACH Baumarkt AG Subgroup refers to Kundenmonitor (ServiceBarometer AG) in Germany, Austria, and Switzerland and to other independent external surveys conducted by renowned institutes in the Netherlands and Sweden. In the 2024/25 financial year, the HORNBACH Baumarkt AG Subgroup was awarded first place for overall customer satisfaction with DIY and home improvement stores in Germany, the Netherlands, and Sweden. Furthermore, HORNBACH’s DIY stores and garden centers were ranked first or second with regard to the criteria of product range, value for money, and willingness to recommend to others in most of the countries for which surveys are available. In addition to these sector studies, proprietary surveys of DIY store customers in all countries in which the company operates except Luxembourg (one store) are performed on an ongoing basis by an external provider commissioned by HORNBACH Baumarkt AG.

Responsibility for engaging with consumers and end-users is largely incumbent on the CEO division (Customer Service Center) at the HORNBACH Baumarkt AG Subgroup and with the Chair of the Management at the HORNBACH Baustoff Union GmbH Subgroup. In addition, at the HORNBACH Baumarkt AG Subgroup further divisions within the Board of Management are involved in the dialog with customers, and here in particular the Marketing division (customer satisfaction studies, social media) and the Operations Germany and International departments (customer dialog at stores).

3.4.2 Targets

Quantitative targets are in place at the HORNBACH Baumarkt AG Subgroup with regard to the company-specific topics of customer satisfaction and sustainability labeling in the product range. These targets contribute towards the further customer-focused development of the product range and of the range of information and services and are consistent with the ambition formulated in the CSR Guidelines.

Customer satisfaction as target related to consideration of customers' needs (HORNBACH IRO S4.3a-c)

HORNBACH aims to uphold or further extend the high level of customer satisfaction. The development in this is measured by reference to the Kundenmonitor surveys in Germany, Austria, and Switzerland (see "Engagement with consumers and end-users"). This target forms part of the multi-year variable remuneration (MVR) for the Board of Management and is presented in the "ESG governance" section of the "General disclosures" chapter. The respective targets were stipulated without directly engaging with consumers and end-users. The basis for measuring customer satisfaction is provided by external customer surveys. The results of external customer surveys are in some cases verified by internal evaluations.

Labeling of sustainable articles as target related to sustainable product range development (HORNBACH IRO S4.4a-c)

In preparation for sustainability labeling in its product range, the HORNBACH Baumarkt AG Subgroup is currently reviewing the products in its listed stock range to assess their sustainability benefits compared with alternative products in the proprietary product range, for example in terms of their manufacture, qualities, logistics, and/or applications. These products then receive labeling in the internal article master data. This target forms part of the multiyear variable remuneration (MVR) for the Board of Management and is presented in the "ESG governance" section of the "General disclosures" chapter. As sustainability labeling is not yet implemented on the product in such a way as to be visible for customers, but is currently located on a system-internal implementation level, consumers and end-users have not yet been involved.

No quantitative targets are currently in place with regard to "Product information" (HORNBACH IRO S4.1a), "Complaints management" (HORNBACH IRO S4.1b), "Data protection" (HORNBACH IRO S4.1c, S4.1d), "Product safety" (HORNBACH IRO S4.2a), or "Customer safety at stationary stores" (HORNBACH IRO S4.2b).

For the topics of "data protection" and "product safety", the definition of targets would not be meaningful given the high regulatory requirements already in place in the EU. Policies and actions for these topics are implemented in accordance with legal requirements and regularly reviewed in terms of their conformity.
The policies and actions for customer safety at stationary stores are largely derived from the work safety requirements (see "Policies" section of "Own workforce" chapter) which protect both the company's own workforce and its customers. Accidents suffered by customers and employees are systematically recorded, with remedial action being taken where necessary. As the accidents mostly involve individual cases and cannot be fully excluded, the setting of specific targets would not be meaningful.
Customer complaints and claims are systematically evaluated to identify any conspicuous aspects with regard to specific products, product ranges, services, or suppliers. This contributes towards optimizing the products and services on offer. As a retailer, HORNBACH can only contribute indirectly towards improving products and the quality of external services. In view of this, no specific targets have been defined.

3.4.3 Actions and resources

HORNBACH implements a variety of actions with regard to the topics identified as material, namely information rights, safety, customer satisfaction, and sustainability labeling in the product range. Nevertheless, no action plans involving significant operational expenditure (OPEX) or capital expenditure (CAPEX) were implemented for these topics in the year under report. The actions implemented are based on legal requirements (data protection, product safety) or are the result of a strategic objective (product and project information, customer satisfaction, sustainability labeling). No further actions primarily aimed at protecting consumers and/or end-users are implemented.

Product and project information related to information rights (HORNBACH IRO S4.1b)

At the DIY stores and garden centers, in the online shops, and at the builders' merchant outlets, HORNBACH's customers receive information about products and projects, as well as well-informed advice concerning the product qualities and suitability for implementing construction and renovation projects. In addition, in its online shops and on social media the HORNBACH Baumarkt AG Subgroup publishes digital product information and video tutorials which explain product applications, for example, and outline home improvement projects on a step-by-step basis. These are intended to enable customers to reach the right purchase decisions for themselves and to implement their projects. In addition, the HORNBACH DIY stores and garden centers communicate information about projects and products at event, some of which specific to individual target groups, such as project evenings for women or formats for tradespeople to share experiences. The evaluation of customer interactions and customer surveys provide a continuous stream of updates on product quality and project information.

Customer dialog and evaluation of customer satisfaction related to information rights and customer satisfaction (HORNBACH IRO S4.1d, S.4.3a-c)

The Customer Service Center (CSC) is available to customers of the HORNBACH Baumarkt AG Subgroup at several locations and in all countries as a point of contact and to answer their questions. Its tasks include providing information about and advice on products, accepting orders by telephone, processing claims, customer orders, consignment tracking, hire transporter bookings, customer notifications, and customer satisfaction surveys for the Trade Service. Due to its daily interaction with customers, the CSC collects large quantities of feedback on articles and processes. This is systematically evaluated and forwarded to the relevant interface departments. In the case of customer complaints and claims, the CSC or the location manager decide on suitable remedial actions for the individual cases by reference to the Customer Claims Process Guidelines.

Based on CSC evaluations and customer feedback received by the company via further channels, such as the stores, social media, or the evaluation functions in its own online shops and on external platforms, the HORNBACH Baumarkt Subgroup obtains indications as to customer satisfaction. Furthermore, several times a year the HORNBACH Baumarkt AG Subgroup commissions an external provider to conduct customer surveys in all countries in which the company operates (except Luxembourg). These findings impact on the further development in the product range and services in the interests of customers, as well as on the accompanying range of information and advice. By continually measuring customer satisfaction and recording complaints and claims, HORNBACH is able to counter potential undesirable developments and risks due to falling customer satisfaction.

Data protection measures related to information rights (HORNBACH IRO S4.1a and S4.1c)

All HORNBACH Group companies are obliged to observe and adhere to data protection laws in the respective countries in which they operate and to comply with the requirements of the Group Data Protection Policy and, where applicable, country-specific data protection policies (see Group Data Protection Policy in "Policies" section). To safeguard data protection and data security, HORNBACH has implemented suitable technical and organizational measures (data protection management system) and corresponding implementation checks. These are implemented on an ongoing basis by the Group Data Protection Manager and the data protection managers at individual companies. Data protection coordinators have also been appointed for those departments and divisions that process large quantities of personal data or particularly sensitive personal data. Furthermore, external Data Protection Officers or advisors have been appointed for all operative HORNBACH companies. Alongside internal contact partners, these external officers are available to the management bodies and employees as independent advisors who are obliged to maintain confidentiality.

Data protection training is available to all employees across the Group as an e-learning offering on the country-specific learnings platforms. This training also forms part of the integration program for new employees. Should any breach of data protection be identified, then the actions stipulated by data protection law are taken if the respective requirements for such actions stipulated in the laws are met.

The reports from the operative HORNBACH companies to the Group Data Protection Manager, which are compiled on a regular basis and at least once a year, provide information about the effectiveness of data protection measures. Going beyond legal requirements, HORNBACH only collects the data required for the respective procedure, only provides the customer with the information explicitly requested, and only passes on data to third parties if such is required for the respective service (e.g. goods consignment).

Product quality and safety related to safety (HORNBACH IRO S4.2a)
To ensure flawless product quality throughout its product range, HORNBACH regularly performs product quality tests and article acceptance checks, particularly for private label products. The HORNBACH Baumarkt AG Subgroup also commissions independent, accredited, and certified audit institutes to test products in terms of their safety, pollutants, and suitability for use and to check sample articles from HORNBACH's DIY stores and garden centers. In addition, the Quality Management department at the HORNBACH Baumarkt AG Subgroup monitors compliance with European standards and directives governing the threshold values for chemicals and specific hazardous substances and substances of concern. The Quality Management department also imposes halts on sales or product recalls if defects are identified in products already in circulation. Consistent with legal requirements, a product crisis management procedure has been established. Quality assurance employees check products delivered at the logistics centers and at the retail outlets of the HORNBACH Baumarkt AG Subgroup. Their main tasks involve checking merchantability and performing goods tests and taking samples in the event of divergences from quality requirements. The aim is to detect obvious product defects, such as in statutory labeling, and to prevent the distribution of defective goods. The audits performed at production sites also contribute towards safeguarding product quality and safety (see "Actions and resources" section in "Workers in the value chain" chapter). Procedures such as evaluating customer interactions and customer surveys provide a continuous stream of information about customer satisfaction with product quality.

Safety at stores related to safety (HORNBACH IRO S4.2b)
The actions relating to the topic of safety in own operations are described in the "Actions and resources" section of the "Own workforce" chapter.

Labeling related to sustainability benefits in product range (HORNBACH IRO S4.4a-c)
The HORNBACH Subgroup is currently investigating the products in its listed stock range to identify any sustainability benefits they may offer compared with alternative products in the proprietary product range. Sustainability benefits refer on the one hand to the manufacture and transport of products, and in particular to

compliance with ecological requirements, human rights, and ILO core labor standards, as well as to the approach to energy, waste, and water at the production site. On the other hand, sustainability benefits refer to the product itself and cover aspects such as its lifetime, reparability, recyclability of the material or the use of recycled materials, and regional origins. Sustainability benefits may also be documented with suitable seals, provided that such seals cover the necessary attributes. The products thereby identified are initially labeled in the internal article master data. As of February 28, 2025, 26.4% of the listed stock range had received a sustainability label. By 2028/29, this share is to be increased to 85% (see "Targets" section"). Based on internal labeling, it will be possible in future to develop suitable actions to communicate the sustainability benefits to consumers and end-users.

3.4.4 Remedial actions and grievance handling mechanism

Customers of the HORNBACH Baumarkt AG Subgroup can take up contact with the company via the Customer Service Center. Customer inquiries are recorded using a ticket system and monitored by reference to their processing status and with reminder functions. The stationary stores also have a permanently staffed point of contact at the Project and Service Center. Commercial customers at the HORNBACH Baustoff Union GmbH Subgroup generally have fixed contact partners. In addition, a central e-mail address is available for them to take up contact. The contact options are published on the country-specific web shop pages and on the central website of HORNBACH Baustoff Union.

In addition, further channels are available for customers to provide feedback to the company, such as via article review functions in the online shops of the HORNBACH Baumarkt AG Subgroup, social media channels, or external evaluation platforms. Evaluations of the stores are answered by employees on location. To this end, the stores have a platform which enables them to monitor and evaluate all local evaluations. The social media channels are centrally managed in the individual countries in which the company operates and at the HORNBACH Baustoff Union GmbH Subgroup. If necessary, customer concerns are passed on to Customer Service. Analyses of customer interactions via social media channels are performed several times a year.

Customers can submit information to the HORNBACH Group using the internet-based whistleblower system (see "Actions" section of the "Workers in the value chain" chapter). This enables information to be provided in particular on human rights and environmental-related risks and on infringements of human rights and environmental-related obligations that have arisen or may arise due to the HORNBACH Group. The link to the whistleblower system and the Whistleblower Policy, which also covers whistleblower protection, is published on all HORNBACH websites.

Guidelines and processes are implemented to handle complaints and claims (see "Policies related to consumers and end-users"). Sales halts and product recalls are communicated to the stores and online shops without delay, with the corresponding articles being removed from the product range. In addition, warning signs are displayed at the stores and published in the online shop. Where the contact data of purchasers is available, these are notified by Customer Service.

4. Governance Information

4.1 ESRS G1 Business conduct

4.1.1 Impact, risk, and opportunity management

The corporate management relating to ESG topics is presented in the "ESG governance" section of the "ESRS 2 General Disclosures" chapter. The "ESRS G1 Business conduct" chapter addresses general topics relating to corporate governance. These include the establishment of the corporate culture, compliance with legal requirements and with company-internal policies and ethical principles (compliance), including anti-corruption regulations (corruption and bribery). As a retail company, HORNBACH is also dependent on cooperation with large numbers of different suppliers (supplier management and payment practices).

No action plans involving significant operational expenditure (OPEX) or capital expenditure (CAPEX) were implemented for these topics in the year under report. The metrics reported have not been validated by external organizations.

Impacts, risks, and opportunities (IRO) related to business conduct

Based on the double materiality assessment (see the "Materiality results" section of the "General disclosures" chapter), the following IROs were identified as material. Positive impacts arise from a corporate culture which promotes trusting cooperation by way of clear values and a constructive approach to conflicts. Furthermore, there has to be the possibility of reporting potential infringements of laws and company policies, anonymously if preferred, without fearing consequences from the company (HORNBACH IRO G1.1a). This helps to protect the company against risks resulting from fines and reputational harm due to infringements of the law or unethical conduct, as well as from financial damages resulting from incidents of corruption. Legal risks relate in particular to the legal requirements of cartel law and data protection in the countries in which the company operates (HORNBACH IRO G1.1b, G1.3a). Long-term, trust-based cooperation with suppliers and payment of suppliers' invoices within the agreed deadlines have positive impacts on the economic stability of suppliers, a situation which also benefits the company's own operations due to a permanently high level of merchandise availability (HORNBACH IRO G1.2a). A good reputation within the sector also helps the company to gain new suppliers, or to receive preferential treatment within existing cooperations (HORNBACH IRO G1.2b).

Policies related to corporate culture

HORNBACH Foundation as policy related to corporate culture (HORNBACH IRO G1.1a)

The HORNBACH Foundation formulates ten principles which describe HORNBACH's characteristics as a company and is applicable on a Group-wide basis. Examples of the principles firmly anchored in the Foundation include the company's understanding of itself as the top address for projects, its focus on customers, honesty and team spirit in dealings within the company, and its commitment to social responsibility. These involve internally developed principles, in whose development no external stakeholders were involved.

HORNBACH Values and HORNBACH Code of Conduct – Acceptance and Granting of Gratuities as policy related to corporate culture (HORNBACH IROs G1.1a-b and G1.3a)

In addition to the HORNBACH Foundation, HORNBACH's Group-wide value system is also based on the "HORNBACH Values". The HORNBACH Values include meeting the company's responsibility to society (affected communities), ensuring respectful dealings with one another (own workforce), fair competition, and the topics of acting with integrity, data protection, and transparent external reporting (business conduct, consumers and end-users). External stakeholders were not involved in developing this policy, neither were external standards or initiatives referred to. The HORNBACH Values also explicitly oppose conflicts of interest and corruption (HORNBACH IRO G1.1a-b, G1.5a).

In the supplementary Group-wide policy "HORNBACH Code of Conduct – Acceptance and Granting of Gratuities", the company's approach to conflicts of interest and corruption is set out in greater detail and the corresponding expectations in managers and employees are formulated based on various practice-related guiding principles (HORNBACH IRO G 1.5a). No anti-corruption policy consistent with the United Nations Convention Against Corruption is currently implemented or planned. The Compliance Group function is responsible for updating and further developing the HORNBACH Values and the Code of Conduct to account for new regulatory and company-specific requirements.

Group Data Protection Policy and Information Security Policy as policy related to corporate culture (HORNBACH IRO G1.1b)
The Group Data Protection Policy is described in the "Policies related to consumers and end-users" section of the "Consumers and end-users" chapter.

Going beyond the protection of personal data, the Information Security Policy addresses the protection of all data and information at the company and the protection of IT systems. That particularly includes the topics of logical and technical safety, physical safety, organizational measures, company processes, crisis and emergency planning, and contractual relationships, including outsourcing. This policy is valid for the entire Group and for workplaces established outside company buildings and for contracts and agreements with outsourcing partners. The policy is reviewed and amended if necessary each year by the Information Security Management department (Technology division within Board of Management at the HORNBACH Baumarkt AG Subgroup). In this, account has to be taken of a number of legal requirements, including data protection laws, laws governing digital communications, and laws not specific to the form of business and company. External stakeholders were not involved in developing the policy.

Cartel Law Guidelines as policy related to corporate culture (HORNBACH IRO G1.1b)
HORNBACH's Cartel Law Guidelines, which are applicable to all HORNBACH companies across the Group, define the principles adopted to address material legal requirements concerning compliance with cartel law and the protection of free competition with the objective of avoiding any infringements of cartel law (HORNBACH IRO G1.1b). In the countries in which HORNBACH operates, European competition law, its implementation on national level, and Swiss cartel law are relevant. The Compliance Group function is responsible for updating and further developing the Cartel Law Guidelines.

The HORNBACH Foundation, the HORNBACH Values, the HORNBACH Code of Conduct and the policies on cartel law, data protection, and information security are available to all employees on the intranet. The HORNBACH Foundation and the HORNBACH Values are additionally published in German and English on the website of HORNBACH Holding AG & Co. KGaA and are appended to employment contracts with new employees. The Internal Audit department regularly reviews compliance with internal policies and procedures and with external requirements.

Actions and resources related to corporate culture

On-boarding for new employees as action related to corporate culture (HORNBACH IRO G1.1a)
The basic principles of HORNBACH's corporate culture are communicated to new employees on an ongoing basis by means of the on-boarding programs at HR departments and by managers. The locations of the HORNBACH Baumarkt AG Subgroup regularly hold "welcome days" for new employees. Furthermore, there is a digital e-learning program offered in Germany about starting out at HORNBACH. This can be drawn on by all employees across the Group. These actions are intended to ensure that employees are familiar with the main aspects of the corporate culture and can apply these in their daily working lives [MDR-A 68a-c].

Compliance management system as action related to corporate culture (HORNBACH IROs G1.1b and G1.3a)
Implementation of the HORNBACH Values is closely linked to the compliance management system implemented across the Group. This primarily works with a prevention-based approach aimed at already avoiding any compliance infringements wherever possible at the outset. The Compliance department supervises the coordination and ongoing optimization of Group-wide compliance activities. The Head of Compliance reports directly to the Chief Compliance Officer. The Compliance department receives further support from the compliance officers responsible for individual regions and departments. Individual one-to-one meetings are held with the regional compliance officers several times a year. Joint group meetings with all compliance officers from the departments and regions are additionally held twice a year. These regular meetings address individual topics, such as training requirements or the existence of compliance-related topics. This ensures that, in addition to matters communicated on an ad-hoc basis, the Compliance department is informed about system-relevant developments in the regions and departments. Furthermore, the Compliance Committee, the topmost advisory body of the compliance organization, meets four times a year and discusses relevant compliance-related developments.

Compliance training as action related to corporate culture (HORNBACH IROs G1.1b and G1.3a)
Basic compliance training (including anti-corruption) is available to all employees on the intranet. This is recommended for new employees as part of their integration and also includes a learning objectives test. Furthermore, compliance-related training on the topics of data protection, information security, and cartel law is mandatory for certain groups of employees when they start work at HORNBACH: online-based data protection training for all employees with access to a PC, information security training for all managers at the Group and employees with PC workplaces, cartel law training for employees in procurement departments. The information security and cartel law training is held several times a year as a webinar. The training programs are intended to inform employees about material aspects of the legal framework and company policies and to provide recommended actions for everyday work to enable compliance infringements to be avoided.

Risk analysis as action related to corporate culture (HORNBACH IROs G1.1b and G1.3a)
Systematic risk analysis covering all Subgroups, including the foreign companies, is performed on compliance topics once a year. Among other aspects, this analysis evaluates the risk of corruption and bribery. Based on the risk analysis, potential financial risks can be identified for the Group, as can any training requirements. No threshold above which there is deemed to be increased risk of corruption and bribery with regard to individual functions was defined in the year under report.

Reporting channels for compliance infringements as action related to corporate culture (HORNBACH IROs G1.1b and G1.3a)
To avoid any compliance infringements, all employees are requested to approach their managers with any questions and information or to contact the compliance function. In addition to internal contact partners, employees and external stakeholders also have access to an internet-based whistleblower system. This offers a worldwide instrument to enter into dialog with the compliance organization, on an anonymous basis if preferred, and to submit reports on potential compliance infringements (see “Remedial actions and grievance handling mechanism” section of the “Own workforce” chapter). HORNBACH’s whistleblower system is consistent with the requirements of the German Whistleblower Protection Act (HinSchG) and those of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) in respect of the establishment of a suitable grievance handling mechanism. The treatment of reports, including protection of the whistleblower, is presented in HORNBACH’s Whistleblower Policy (see “Policies related to own workforce” section of the “Own workforce” chapter).

All compliance reports are reviewed without delay by the Compliance departments. Where appropriate, further investigations are conducted. If necessary, the case may be forwarded to other independent Group departments or external authorities for further investigation. Once an investigation has been completed and infringements are identified, suitable follow-up actions are taken in accordance with the individual case.

Ombudsperson as action related to corporate culture (HORNBACH IRO G1.1a)
To offer a neutral point of contact for conflicts between employees or with managers, the position of ombudsperson has been created at HORNBACH. The ombudsperson is available on a Group-wide basis to all HORNBACH employees in difficult situations.

4.1.2 Prevention and detection of corruption and bribery
Combating corruption and bribery/corruptibility is one of the focus topics for compliance and, like all compliance infringements, is pursued at HORNBACH with a zero-tolerance policy. HORNBACH adheres to all laws aimed at combating bribery and corruption in all countries in which it operates. The topic of corruption and bribery/corruptibility is embedded in the compliance management system and is covered by the HORNBACH Values and Code of Conduct (see “Policies related to corporate culture” section).

The actions taken to prevent corruption include risk analyses (see the “Actions related to corporate culture” section), internal control mechanisms, and signing and approval regulations, due diligence procedures towards business partners (see the “Action” section of the “Workers in the value chain” chapter) and reporting channels for internal and external whistleblowers (see the “Remedial actions and grievance handling mechanism” section of the “Own workforce” chapter). Suspected cases reported by direct channels or via the whistleblower system are reviewed and evaluated by the Compliance department. Based on this assessment, an investigation of the incident is initiated. The Board of Management is involved in the process if such measure is deemed relevant given the potential scale of the incident [G1-3.18c]. Auditing adherence to the compliance regulations (including anti-corruption) is incumbent on Internal Audit. This department performs independent and objective audit and advisory services in all Group departments and subsidiaries. The Internal Audit and Compliance functions are independent of the operating business and have extensive powers and unrestricted access to information.

Training on the topic of anti-corruption forms part of basic compliance training and is available to all Group employees on the intranet. Furthermore, anti-corruption training can be provided by the Compliance department upon request for individual departments. These training sessions outline relevant legal requirements, HORNBACH’s Code of Conduct, and internal prevention measures and illustrate these principles by reference to specific examples of situations in day-to-day work which might offer opportunities for corruption and bribery. No functions-at-risk were defined in the 2024/25 financial year, as a result of which it was not yet possible to evaluate the percentage of employees in functions-at-risk who received training on this basis. No training was provided for members of the Board of Management and Supervisory Board.

There were no convictions or fines in connection with corruption and bribery/corruptibility in the 2024/25 financial year.

4.1.3 Targets related to corporate culture and the prevention and detection of corruption and bribery
The company currently has no approaches to measure the extent to which the corporate culture is embedded within the workforce or the effectiveness of compliance and anti-corruption measures. In view of this, no measurable targets have been set in respect of corporate culture and the prevention of corruption and bribery. All compliance-related reports and incidents are nevertheless recorded and evaluated. The respective measures and processes are developed further or amended on this basis.

4.1.4 Management of relationships with suppliers, including payment practice policy
HORNBACH is interested in long-term, fair, and trust-based cooperation with its suppliers and business partners. This on the one hand has positive impacts on the economic stability of suppliers and business partners (IRO G1.4a). On the other hand, it produces material opportunities for HORNBACH by ensuring a reliable and stable supply of goods to the stationary stores and online shops with the DIY products and services relevant to customers, also in the event of potential supply shortages (IRO G1.4b). Active supplier management is organized in such a way as to avoid procurement-specific risks, such as supply bottlenecks and price fluctuations, and to guarantee an attractive product range.

Alongside economic and qualitative criteria, in its cooperation with suppliers HORNBACH also accounts for ecological, social, and ethical aspects. The specific requirements are laid down in the CSR Standards for business partners (see the “Strategy, business model, and value chain” section in the “General disclosures” chapter). Additional requirements apply in particular for specific products, such as FSC certification for timber products (see the “Actions and resources” section of the “ESRS 4 Biodiversity and ecosystems” chapter). Furthermore, HORNBACH is obliged to account for the requirements of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) in its Group-wide procurement processes. Among other aspects, these include risk analysis of business partners, audits, and information requests (see the “Workers in the value chain” chapter).

The payment of suppliers is based on contractually agreed terms. Other than this, there are no supplementary payment process policies.

Unless otherwise agreed, payments at the HORNBACH Baumarkt AG Subgroup are made on a net basis within 30 days following receipt of the return service and at the earliest 30 days after receipt of the invoice. At the HORNBACH Baustoff Union GmbH Subgroup, the payment terms are generally agreed on an individual basis. Due to the variety of the product range and variances in international business practices, both Subgroups have a variety of payment agreements, some of which provide for early payment discounts. In the 2024/25 financial year, the HORNBACH Baumarkt Subgroup paid invoices within an average of 25 days and thus on average three days prior to the maximum agreed maturity. The HORNBACH Baustoff Union GmbH Subgroup achieved an average payment term of 19 days and thus paid an average of four days prior to the maximum agreed maturity. The average payment term at the overall HORNBACH Holding Group thus amounted to 25 days. There were no legal proceedings outstanding for late payments in the period under report.

To calculate the average time (in days) which HORNABCH takes to pay an invoice from the date when the contractual term of payment starts, a representative sample of clearing documents was collected in the period under report. The base date of the maximum maturity agreed with the supplier was compared with date of actual payment, with the average then being calculated for all documents. In structuring its payment agreements, HORNBACH does not differentiate by company size. Supplier characteristics of this nature are not determined or collected by HORNBACH when structuring its payment practices and are not known to the company.

The company does not have any policies, targets, and actions, or other key performance indicators concerning supplier relationships or payment practices. HORNBACH considers its existing payment targets and practices to be appropriate.

CONSOLIDATED FINANCIAL STATEMENTS

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

for the Period from March 1, 2024 to February 28, 2025

	Notes	2024/25 € 000s	2023/24 € 000s	Change %
Sales	1	6,199,989	6,160,886	0.6
Cost of goods sold	2	4,039,433	4,076,255	(0.9)
Gross profit		**2,160,556**	**2,084,631**	**3.6**
Selling and store expenses	3/10	1,609,722	1,576,274	2.1
Pre-opening expenses	4/10	8,527	6,136	39.0
General and administration expenses	5/10	315,007	297,449	5.9
Other income and expenses	6/10	25,378	21,002	20.8
Earnings before interest and taxes (EBIT)		**252,678**	**225,774**	**11.9**
Other interest and similar income		10,411	10,189	2.2
Other interest and similar expenses		56,328	56,168	0.3
Other financial result		1,250	(470)	>100
Net financial expenses	**7**	**(44,667)**	**(46,449)**	**3.8**
Consolidated earnings before taxes		**208,011**	**179,325**	**16.0**
Taxes on income	8	60,841	47,638	27.7
Consolidated net income		**147,170**	**131,687**	**11.8**
of which: income attributable to shareholders of HORNBACH Holding AG & Co. KGaA		140,679	125,140	12.4
of which: non-controlling interests		6,491	6,547	(0.9)
Basic/diluted earnings per share (€)	**9**	**8.80**	**7.83**	**12.4**

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

for the Period from March 1, 2024 to February 28, 2025

	Notes	2024/25 € 000s	2023/24 € 000s
Consolidated net income		**147,170**	**131,687**
Actuarial gains and losses on defined benefit plans	24/25	(892)	(6,334)
Deferred taxes on actuarial gains and losses on defined benefit plans		(199)	926
Other comprehensive income that will not be recycled at a later date		**(1,092)**	**(5,408)**
Exchange differences arising on the translation of foreign subsidiaries		5,358	(10,735)
Other comprehensive income that will possibly be recycled at a later date		**5,358**	**(10,735)**
Total comprehensive income		**151,436**	**115,545**
of which: attributable to shareholders of HORNBACH HOLDING AG & Co. KGaA		144,791	109,706
of which: attributable to non-controlling interest		6,645	5,839

Balance Sheet of the HORNBACH Holding AG & Co. KGaA Group

as of February 28, 2025

Assets	Notes	2.28.2025 € 000s	2.29.2024 € 000s
Non-current assets			
Intangible assets	11	65,623	55,938
Property, plant, and equipment	12	1,889,232	1,829,862
Investment property	12	22,178	26,345
Right-of-use assets	13	794,673	757,437
Financial assets	14	212	212
Other non-current receivables and assets	15	8,969	7,997
Deferred tax assets	16	53,380	40,698
		2,834,266	**2,718,489**
Current assets			
Inventories	17	1,266,089	1,195,655
Current financial assets	18	138	0
Trade receivables	18	52,515	47,616
Contract assets	18	1,470	1,567
Other current assets	18	111,955	115,707
Income tax receivables	27	29,948	27,501
Cash and cash equivalents	19	317,247	370,253
Non-current assets held for sale and disposal groups	20	565	286
		1,779,927	**1,758,585**
		4,614,193	**4,477,074**

Equity and liabilities	Notes	2.28.2025 € 000s	2.29.2024 € 000s
Shareholders' equity	21		
Share capital		47,990	47,972
Capital reserve		130,557	130,488
Revenue reserves		1,776,791	1,669,520
Equity of shareholders of HORNBACH HOLDING AG & Co. KGaA		**1,955,338**	**1,847,980**
Non-controlling interests		78,134	100,124
		2,033,472	**1,948,104**
Non-current liabilities			
Non-current financial debt	23	468,220	595,185
Non-current lease liabilities	23	833,219	786,672
Pensions and similar obligations	24	7,934	5,260
Deferred tax liabilities	16	35,389	25,976
Other non-current liabilities	25/28	52,024	55,274
		1,396,786	**1,468,367**
Current liabilities			
Current financial debt	23	191,120	90,429
Current lease liabilities	23	101,653	100,487
Trade payables	26	449,184	399,607
Liabilities from reverse factoring program	26	99,486	149,107
Contract liabilities	26	46,851	45,131
Other current liabilities	26	111,698	115,003
Income tax liabilities	27	37,345	29,406
Other provisions and accrued liabilities	28	146,598	131,432
		1,183,935	**1,060,602**
		4,614,193	**4,477,074**

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

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**

2024/25 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, 2024		**47,972**	**130,488**	**44,269**	**1,625,251**	**1,847,980**	**100,124**	**1,948,104**
Consolidated net income					140,679	140,679	6,491	147,170
Actuarial gains and losses on defined benefit plans, net after taxes	24/25				(1,041)	(1,041)	(51)	(1,092)
Exchange differences arising on the translation of foreign subsidiaries				5,153		5,153	205	5,358
Total comprehensive income				**5,153**	**139,638**	**144,791**	**6,645**	**151,436**
Dividend distribution	22				(38,378)	(38,378)	(1,539)	(39,917)
Treasury stock transactions	21	18	69		420	507		507
Acquisition of shares of a subsidiary without change of control	21			1,059	(622)	438	(27,097)	(26,658)
Balance at February 28, 2025		**47,990**	**130,557**	**50,481**	**1,726,309**	**1,955,338**	**78,134**	**2,033,472**

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

	Notes	2024/25 € 000s	2023/24 € 000s
Consolidated net income		**147,170**	**131,687**
Depreciation and amortization of property, plant, and equipment and intangible assets	10	122,793	122,033
Depreciation of right-of-use assets	13	127,759	152,971
Change in provisions		(1,538)	2,684
Gains/losses on disposals of non-current assets and of non-current assets held for sale		(1,378)	(4,213)
Change in inventories, trade receivables and other assets		(79,385)	186,649
Change in trade payables and other liabilities		13,607	(92,465)
Other non-cash income/expenses		(10,611)	(44,437)
Cash flow from operating activities		**318,417**	**454,910**
Proceeds from disposal of non-current assets and of non-current assets held for sale		7,017	10,266
Proceeds from disposal of shareholdings and other business units		0	0
Payments for investments in property, plant, and equipment		(165,919)	(152,023)
Payments for investments in intangible assets		(17,969)	(18,491)
Payments for investments in financial assets		0	(50)
Proceeds from public grants		6,612	0
Payments for acquisitions of shareholdings and other business units		141	(22,047)
Cash flow from investing activities		**(170,256)**	**(182,346)**
Dividends paid	22	(39,917)	(40,631)
Proceeds from taking up long-term debt	23	8,000	77,263
Repayment of long-term debt	23	(32,844)	(238,645)
Repayment of current and non-current lease liabilities	23	(107,882)	(106,722)
Change in level of shareholding in subsidiary with no change in control		(26,713)	(23,081)
Cash flow from financing activities		**(199,356)**	**(331,816)**
Cash-effective change in cash and cash equivalents		(51,194)	(59,252)
Change in cash and cash equivalents due to changes in exchange rates		652	(2,551)
Cash and cash equivalents at March 1		365,252	427,055
Cash and cash equivalents at balance sheet date		**314,709**	**365,252**

In addition to cash on hand, credit balances at banks, and other short term deposits totaling € 317,247k (2023/24: € 370,253k), cash and cash equivalents also include current account overdraft liabilities of € 2,538k (2023/24: € 5,001k). 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 € 59,643k (2023/24: € 69,660k) and interest payments of € 57,046k (2023/24: € 56,723k) and increased by interest received of € 10,411k (2023/24: € 10,189k). Of interest payments, € 33,198k (2023/24: € 30,724k) 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 € 99,486k (2023/24: € 149,107k) 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 2024/25 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, 2025. 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 2024/25 financial year onwards:

- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current – Deferral of Effective Date, Non-current Liabilities with Covenants
- IFRS IC Agenda Decision on IFRS 8

The amendments to IAS 7 and IFRS 7 and to IAS 1 lead to extended note disclosures. The IFRS IC Agenda Decision on IFRS 8 leads to an extension in segment reporting. The Group has extended its segment reporting to include the following material expenses and the "Gross profit" subtotal:

- Cost of goods sold
- Selling and store expenses

The policies requiring application for the first-time in the 2024/25 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 2025/26 financial year:

- Amendments to IAS 21 – Lack of Exchangeability

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:

- Annual Improvements Volume 11
- Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments
- Amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity
- IFRS 18 – Presentation and Disclosure in Financial Statements
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures

With the exception of the new standard IFRS 18, if endorsed the other new requirements are currently not expected to have any material implications for the Group's asset, financial, and earnings position.

IFRS 18, Presentation and Disclosure in Financial Statements, was published in April 2024. This standard contains amended requirements for the presentation and disclosure of information in IFRS financial statements and is intended to enhance comparability and transparency. The new requirements particularly affect the structure of the income statement, which in future should subdivide income and expenses into operating, investing, and financing categories. The classification of income and expenses is dependent on the company's main business activity. Furthermore, IFRS 18 requires mandatory disclosure of the subtotals "Operating profit" and "Profit before financing and income taxes". In addition, IFRS 18 calls for new mandatory disclosures for key figures specific to the individual company, known as "Management-defined performance measures" ("MPMs"), and includes improved guidelines for the aggregation and structuring of information in the financial statements. In the statement of cash flows, the disclosure options for interest and dividends will be discontinued. It will be mandatory in future to base the calculation of operating cash flow on "Operating profit". IFRS 18 applies to financial years beginning on or after January 1, 2027. The disclosure of a comparative period is mandatory.

In the 2024/25 financial year, the Group began analyzing the future requirements and their implications for the consolidated financial statements. It is assumed that the structuring requirements for companies without specific main business activities will be applicable to the Group. In future, the presentation of the income statement will be amended, with this also requiring a partially amended allocation of income and expenses. Furthermore, the basis for the cash flow statement will be amended, as will the allocation of interest received, which will in future require mandatory disclosure in the investment section of the cash flow statement. The key figure currently relevant to managing the Group, namely "adjusted EBIT", is a performance measure that is not defined in IFRS that will be affected by the new disclosure requirements for company-specific key earnings figures. However, no direct implications will arise for recognition and measurement.

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 48 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 95.3% stake in HORNBACH Baumarkt AG (2023/24: 93.7%). 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 2024/25 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 93.7% to 95.3% in the current financial year.

HORNBACH Baumarkt AG Subgroup

There were no changes in the scope of consolidation in the 2024/25 financial year.

In the previous year, 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), to strengthen its service offering. 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 constituted a business combination. Control was gained by acquisition of the shares on December 1, 2023. From this time, the assets and liabilities thereby acquired were included in the consolidated financial statements of HORNBACH Holding AG &Co. KGaA. The purchase price allocation was completed in October 2024.

In addition to the brand name, intangible assets also include internally generated software and customer relationships. There are no material variances between the gross value and the carrying amount of the receivables. 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.

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, as a result of which amendments may still arise in the assessment or tax appraisal.

Acquisition-related costs of € 507k were incurred for the transaction. These were paid in the 2023/24 financial year. The consideration transferred includes outstanding purchase price payments of € 825k which are mainly due 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 (final) 2024/25	Additions (preliminary) 2023/24
Intangible assets	2,313	6
Property, plant, and equipment	67	67
Inventories	131	131
Trade receivables	553	553
Other assets	166	164
Deferred tax assets	3,206	3,206
Total assets	**6,436**	**4,127**
Other provisions	114	0
Trade payables	450	450
Other liabilities	175	290
Deferred tax liabilities	696	0
Total liabilities	**1,435**	**740**
Net assets	**5,001**	**3,387**
Consideration	**22,875**	**22,872**
Goodwill	**17,874**	**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 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.

HORNBACH Immobilien AG Subgroup
The company NC Properties d.o.o. Belgrade, Serbia, was founded in the 2024/25 year under report and included in the scope of consolidation for the first time. The legal domicile of this company is Belgrade, Serbia. The aforementioned change to the scope of consolidation did not have any material implications for the Group's asset, financial, or earnings position.

Furthermore, 100% of the shares in KOTONA a.s., Zamecka, Czechia, were acquired in the context of a share deal. This company does not have any business as defined in IFRS 3, as the company solely comprises a piece of land and the corresponding financing. The purchase price amounts to € 19,543k.

HORNBACH Baustoff Union GmbH Subgroup
To extend the network of outlets, in the 2024/25 financial year Union Bauzentrum HORNBACH GmbH took over a location in Kirn in the context of an asset deal as of March1, 2024. This did not involve the takeover of any legal entity, but rather exclusively of business operations, including the respective assets. The transaction therefore constitutes a business combination, with control being gained due to the acquisition of assets. From this time, the assets thereby acquired have been included in the consolidated financial statements of HORNBACH Holding AG &Co. KGaA.

The intangible assets mainly 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. The negative difference was recognized through profit or loss.

The fair values of the assets thereby taken over have been calculated on the basis of the respective contracts. The valuation of the location property was performed by independent third parties. The purchase price allocation (PPA) was completed in the 2024/25 financial year.

No material incidental acquisition costs were incurred for the transaction. The purchase price was settled with liquid funds.

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

Fair value (€ 000s)	Additions 2024/25
Intangible assets	414
Property, plant, and equipment	3,655
Inventories	1,710
Other assets	5
Net assets	**5,785**
Consideration	**5,590**
Goodwill	**(195)**

Since its initial consolidation on March 1, 2024, the location contributed sales of € 6,083k and earnings before taxes of € -562k.

The development in the scope of consolidation was as follows:

	2024/25	2023/24
March 1	**66**	**63**
Companies consolidated for the first time	2	6
Companies wound up	0	3
February 28	**68**	**66**

Consolidated shareholdings

Company name and domicile	Shareholding in %	Equity[1] in thousands, local currency	Local currency
Germany			
HORNBACH Baumarkt AG, Bornheim	95.3[2]	961,413	EUR
HORNBACH Immobilien AG, Bornheim	100[2]	138,661	EUR
HORNBACH International GmbH, Bornheim	100	106,019	EUR
HORNBACH Beteiligungen GmbH, Bornheim	100	7,809	EUR
AWV-Agentur für Werbung und Verkaufsförderung GmbH, Bornheim	100	26	EUR
HORNBACH Baustoff Union GmbH, Neustadt/Weinstrasse	100[2]	70,503	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 i.L., Bornheim	100	136	EUR
BODENHAUS GmbH, Essingen	100	(788)	EUR
HORNBACH Versicherungs-Service GmbH, Bornheim	100	869	EUR
HORNBACH Forst GmbH, Bornheim	100	(547)	EUR
HIAG Immobilien Jota GmbH, Bornheim	100	(303)	EUR
HIAG Grundstücksentwicklungs GmbH, Neustadt/Weinstrasse	100	1,516	EUR
Seniovo GmbH, Berlin	100	1,073	EUR
Seniovo Bau GmbH, Berlin	100	(4,194)	EUR
CKKD 530 GmbH & Co. KG, Regensburg	100	(155)	EUR
CKKD 530 Verwaltungs GmbH, Regensburg	100	26	EUR
Other countries			
HORNBACH Baumarkt GmbH, Wiener Neudorf, Austria	100	71,359	EUR
HL Immobilien Lambda GmbH, Wiener Neudorf, Austria	100	22,056	EUR
G.N.E. Global Grundstücksverwertung GmbH, Wiener Neudorf, Austria	100	4,583	EUR
HM Immobilien My GmbH, Wiener Neudorf, Austria	100	(197)	EUR
HB Immobilien Bad Fischau GmbH, Wiener Neudorf, Austria	100[3]	(807)	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	8,995	EUR
HORNBACH Holding B.V., Amsterdam, Netherlands	100	328,036	EUR
HORNBACH Bouwmarkt (Nederland) B.V., Driebergen-Rijsenburg, Netherlands	100	31,479	EUR
HORNBACH Real Estate Apeldoorn B.V., Apeldoorn, Netherlands	100	60	EUR
HORNBACH Real Estate Enschede B.V., Enschede, Netherlands	100	148	EUR
HORNBACH Real Estate Tilburg B.V., Tilburg, Netherlands	100	1,079	EUR
HORNBACH Real Estate Groningen B.V., Groningen, Netherlands	100	1,248	EUR
HORNBACH Real Estate Wateringen B.V., Wateringen, Netherlands	100	1,320	EUR
HORNBACH Real Estate Alblasserdam B.V., Alblasserdam, Netherlands	100	906	EUR
HORNBACH Real Estate Nieuwegein B.V., Nieuwegein, Netherlands	100	1,336	EUR
HORNBACH Real Estate Nieuwerkerk B.V., Nieuwerkerk, Netherlands	100	2,091	EUR
HORNBACH Real Estate Geleen B.V., Geleen, Netherlands	100	473	EUR
HORNBACH Reclame Activiteiten B.V., Nieuwegein, Netherlands	100	(103)	EUR
HORNBACH Real Estate Breda B.V., Breda, Netherlands	100	1,807	EUR
HORNBACH Real Estate Amsterdam-Sloterdijk, Amsterdam, Netherlands	100	1,449	EUR
HORNBACH Real Estate Nederland B.V., Amsterdam, Netherlands	100	2,377	EUR
HORNBACH Real Estate Best B.V., Nieuwegein, Netherlands	100	950	EUR
HORNBACH Real Estate Den Haag B.V., The Hague, Netherlands	100	795	EUR
HORNBACH Real Estate Zwolle B.V., Zwolle, Netherlands	100	991	EUR
HORNBACH Real Estate Almelo B.V., Almelo, Netherlands	100	(165)	EUR
HORNBACH Real Estate Duiven B.V., Duiven, Netherlands	100	(319)	EUR
HORNBACH Real Estate Rotterdam B.V., Rotterdam, Netherlands	100	(1,600)	EUR
HORNBACH Real Estate Nijmegen B.V., Nijmegen, Netherlands	100	4,993	EUR
HORNBACH Baumarkt CS spol s.r.o., Prague, Czechia	100	3,442,316	CZK
HORNBACH Immobilien H.K. s.r.o., Prague, Czechia	100	1,093,908	CZK
Kotona a.s., Zamecka, Czechia	100	32	CZK
HORNBACH Baumarkt (Schweiz) AG, Oberkirch, Switzerland	100	171,947	CHF
HORNBACH Byggmarknad AB, Gothenburg, Sweden	100	76,232	SEK
HIAG Fastigheter i Göteborg AB, Gothenburg, Sweden	100	119,797	SEK
HIAG Fastigheter i Helsingborg AB, Gothenburg, Sweden	100	90,267	SEK
HIAG Fastigheter i Göteborg Syd AB, Gothenburg, Sweden	100	7,821	SEK
HIAG Fastigheter i Stockholm AB, Gothenburg, Sweden	100	282,639	SEK
HIAG Fastigheter i Botkyrka AB, Gothenburg, Sweden	100	156,087	SEK
HORNBACH Immobilien SK-BW s.r.o., Bratislava, Slovakia	100	12,416	EUR
HORNBACH-Baumarkt SK spol. s.r.o., Bratislava, Slovakia	100	42,200	EUR
HORNBACH Centrala SRL, Domnesti, Romania	100	357,776	RON
HORNBACH Imobiliare SRL, Domnesti, Romania	100	258,653	RON
HORNBACH IT HUB & BUSINESS SERVICES SRL, Domnesti, Rumänien	100	1,077	RON
HORNBACH Logistic Romania SRL, Domnesti, Romania	100	3,127	RON
Etablissement Camille Holtz et Cie S.A., Phalsbourg, France	100	1,148	EUR
Saar-Lor Immobilière S.C.L., Phalsbourg, France	100	148	EUR
HORNBACH Asia Ltd., Kowloon, Hong Kong	100	23,863	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.

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	
	2.28.2025	2.29.2024	**2024/25**	2023/24
RON Romania	4.9768	4.9706	4.97485	4.95634
SEK Sweden	11.1880	11.2150	11.44997	11.49065
CHF Switzerland	0.9394	0.9534	0.95266	0.96315
CZK Czechia	25.0290	25.3630	25.14578	24.19291
USD USA	1.0411	1.0826	1.07464	1.08305
HKD Hong Kong	8.0980	8.4735	8.37868	8.47649
RSD Serbia	117.1795	-	117.07139	-

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 book value 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% (2023/24: 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 4.0% to 11.9% after taxes (2023/24: 4.1% to 11.6%) and from 1.7% to 14.1% before taxes (2023/24: 2.1% to 12.8%). 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, 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.

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 highly likely 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, economic growth, development in tariffs, 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, and 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	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
Segment sales	**5,847.0**	**5,780.0**	**357.1**	**380.7**	**89.6**	**89.1**	**0.0**	**0.0**	**(93.7)**	**(88.8)**	**6,200.0**	**6,160.9**
Sales to third parties	5,845.2	5,778.4	350.8	378.8	0.0	0.0	0.0	0.0	0.0	0.0	6,196.0	6,157.2
Sales to affiliated companies	0.0	0.0	6.1	1.7	0.0	0.0	0.0	0.0	(6.1)	(1.7)	0.0	0.0
Rental income from third parties	1.8	1.6	0.1	0.2	2.0	2.0	0.0	0.0	0.0	0.0	4.0	3.7
Rental income from affiliated companies	0.0	0.0	0.0	0.0	87.6	87.1	0.0	0.0	(87.6)	(87.1)	0.0	0.0
Cost of goods sold	**3,778.4**	**3,790.5**	**267.2**	**287.5**	**0.0**	**0.0**	**0.0**	**0.0**	**(6.1)**	**(1.7)**	**4,039.4**	**4,076.3**
Gross profit	**2,068.6**	**1,989.4**	**89.9**	**93.2**	**89.6**	**89.1**	**0.0**	**0.0**	**(87.6)**	**(87.1)**	**2,160.6**	**2,084.6**
Selling and store expenses	**1,563.5**	**1,561.8**	**80.3**	**82.7**	**24.3**	**23.4**	**0.0**	**0.0**	**(58.3)**	**(91.7)**	**1,609.7**	**1,576.3**
EBIT	**220.2**	**160.0**	**3.0**	**3.7**	**64.7**	**63.3**	**(6.4)**	**(6.4)**	**(28.8)**	**5.2**	**252.7**	**225.8**
of which: depreciation and amortization/ write-ups	266.6	307.5	10.7	11.0	15.3	17.2	0.0	0.0	(55.6)	(87.7)	237.1	248.1
Segment earnings (adjusted EBIT)	**233.7**	**212.4**	**3.1**	**4.7**	**63.9**	**63.3**	**(6.4)**	**(6.4)**	**(24.8)**	**(19.8)**	**269.5**	**254.2**
Segment assets	**4,319.5**	**4,190.8**	**223.2**	**226.8**	**495.9**	**449.6**	**3.0**	**12.5**	**(510.6)**	**(470.8)**	**4,530.9**	**4,408.9**
of which: credit balances at banks	270.7	309.6	1.2	0.9	13.2	14.4	1.2	15.8	0.0	0.0	286.4	340.6
Capital expenditure [1]	**309.4**	**326.3**	**7.8**	**14.8**	**59.2**	**22.4**	**0.0**	**0.1**	**(36.8)**	**(107.2)**	**339.6**	**256.3**
Segment liabilities	**2,690.5**	**2,649.6**	**132.9**	**134.9**	**197.7**	**154.2**	**171.4**	**177.7**	**(684.6)**	**(642.8)**	**2,508.0**	**2,473.6**
of which financial debt and lease liabilities	1,833.3	1,808.1	40.7	40.6	103.0	124.5	146.8	151.9	(529.7)	(552.3)	1,594.2	1,572.8

[1] Capital expenditure also includes non-cash additions to right-of-use assets.

Reconciliation EBIT <> adjusted EBIT in € million	2024/25	2023/24
EBIT	**252.7**	**225.8**
Impairments due to IAS 36 impairment test [1]	30.2	57.2
Write-ups due to IAS 36 impairment test [1]	(12.7)	(26.9)
Result from sale/ valuation of properties not required for operations	(0.3)	(2.4)
Other	(0.3)	0.5
Segment earnings (adjusted EBIT)	**269.5**	**254.2**

[1] This line item exclusively includes impairments and write-ups recognized for operating locations (cash-generating units).

Reconciliation in € million	2024/25	2023/24
Segment earnings (adjusted EBIT)	**269.5**	**254.2**
Non-operating items	(16.8)	(28.4)
Net financial expenses	(44.7)	(46.4)
Consolidated earnings before taxes	**208.0**	**179.3**
Segment assets	**4,530.9**	**4,408.9**
Deferred tax assets	53.4	40.7
Income tax receivables	29.9	27.5
Total assets	**4,614.2**	**4,477.1**
Segment liabilities	**2,508.0**	**2,473.6**
Deferred tax liabilities	35.4	26.0
Income tax liabilities	37.3	29.4
Total liabilities	**2,580.7**	**2,529.0**

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 Czechia, 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	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
Sales	**3,568.0**	**3,585.0**	**3,071.0**	**3,002.8**	**(439.1)**	**(426.9)**	**6,200.0**	**6,160.9**
Sales to third parties	3,127.8	3,156.6	3,068.2	3,000.5	0.0	0.0	6,196.0	6,157.2
Rental income from third parties	2.1	2.0	1.9	1.7	0.0	0.0	4.0	3.7
Sales to affiliated companies	438.1	426.3	1.0	0.6	(439.1)	(426.9)	0.0	0.0
Cost of goods sold	**2,461.8**	**2,508.6**	**2,016.7**	**1,994.6**	**(439.1)**	**(426.9)**	**4,039.4**	**4,076.3**
Gross profit	**1,106.2**	**1,076.4**	**1,054.4**	**1,008.2**	**0.0**	**0.0**	**2,160.6**	**2,084.6**
Selling and store expenses	**907.2**	**885.6**	**702.7**	**691.0**	**(0.2)**	**(0.3)**	**1,609.7**	**1,576.3**
EBIT	**52.9**	**48.9**	**199.8**	**176.9**	**0.0**	**0.0**	**252.7**	**225.8**
Depreciation and amortization/write-ups	**147.0**	**132.5**	**90.1**	**115.6**	**0.0**	**0.0**	**237.1**	**248.1**
Segment earnings (adjusted EBIT)	**77.6**	**60.6**	**191.9**	**193.6**	**0.0**	**0.0**	**269.5**	**254.2**
Assets	**2,812.2**	**2,811.2**	**2,161.3**	**2,051.4**	**(442.6)**	**(453.7)**	**4,530.9**	**4,408.9**
Capital expenditure[1)]	**156.1**	**130.0**	**183.6**	**126.8**	**(0.1)**	**(0.4)**	**339.6**	**256.3**

[1)] 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 € 3,989k (2023/24: € 3,712k) from the letting of real estate has also been reported under sales.

Sales include revenues of € 40,529k which were recognized at the beginning of the period as contract liabilities (2023/24: € 41,464k). Furthermore, these also include retrospective sales of € 3,082k for performance obligations pursuant to IFRS 15 that were satisfied in previous years (2023/24: € 2,198k).

The following table presents the breakdown of sales by segment:

External sales 2024/25 in € million	HORNBACH Baumarkt AG Subgroup	HORNBACH Baustoff Union GmbH Subgroup	HORNBACH Immobilien AG Subgroup	HORNBACH HOLDING AG & Co. KGaA Group
of which: Germany	2,783.8	343.2	1.9	3,129.0
of which: Other European Countries	3,063.2	7.7	0.2	3,071.0
	5,847.0	**350.9**	**2.0**	**6,200.0**

External sales 23/24 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**

(2) Cost of goods sold

The cost of goods sold represents the expenses required for the generation of sales and is structured as follows:

	2024/25 € 000s	2023/24 € 000s
Expenses for auxiliary materials and purchased goods	3,894,767	3,934,379
Expenses for services rendered	144,666	141,876
	4,039,433	**4,076,255**

(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:

	2024/25 € 000s	2023/24 € 000s
Other income from operating activities		
Income from damages	2,953	5,205
Income from advertising allowances and other reimbursements of suppliers	954	966
Income from payment differences	1,519	1,875
Income from disposal of non-current assets	2,544	3,056
Miscellaneous other income	32,369	22,336
	40,339	**33,438**
Other income from non-operating activities		
Income from disposal of real estate	732	2,393
	732	**2,393**
Other income	**41,071**	**35,831**

Miscellaneous other income principally relates to ancillary revenues at the DIY stores with garden centers, income from disposal activities, income from retirements of liabilities, income from personnel grants, income from the reversal of impairments of receivables, and income from relief amounts in connection with energy price caps.

	2024/25 € 000s	2023/24 € 000s
Other expenses from operating activities		
Losses due to damages	4,367	4,554
Impairments and defaults on receivables	6,215	5,707
Losses on disposal of non-current assets	1,166	1,236
Expenses from payment differences	66	43
Miscellaneous other expenses	3,460	3,289
	15,274	**14,829**
Other expenses from non-operating activities		
Impairments of investment properties	419	0
	419	**0**
Other expenses	**15,693**	**14,829**
Net balance (income) of other income and expenses	**25,378**	**21,002**

(7) Net financial expenses

	2024/25 € 000s	2023/24 € 000s
Other interest and similar income		
Interest income on financial instruments measured at amortized cost	10,409	10,187
Other	2	2
	10,411	**10,189**
Other interest and similar expenses		
Interest expenses on financial instruments measured at amortized cost	20,870	23,262
Interest expenses for lease liabilities measured at amortized cost	33,198	30,724
Interest expenses from compounding of provisions	707	653
Other	1,553	1,528
	56,328	**56,168**
Net interest expenses	**(45,917)**	**(45,979)**
Other financial result		
Gains/losses on derivative financial instruments	2,803	(2,349)
Gains and losses from foreign currency exchange	(1,553)	1,880
	1,250	**(470)**
Net financial expenses	**(44,667)**	**(46,449)**

In line with IFRS 16 “Leases”, the interest component of the lease instalments, amounting to € 33,198k (2023/24: €30,724k) 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 € 1,165k in the year under report (2023/24: € 835k) 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 3.1% (2023/24: 3.2%).

Gains/losses on derivative financial instruments include gains and losses of € 2,803k on derivative currency instruments (2023/24: € -2,349k).

The gains and losses from foreign currency exchange for the 2024/25 financial year chiefly result from the measurement of foreign currency receivables and liabilities. This resulted in net expenses of € 5,760k (2023/24: net income of € 4,765k). Furthermore, this item also includes realized exchange rate gains of € 12,139k (2023/24: € 6,158k) and realized exchange rate losses of € 7,932k (2023/24: € 9,043k).

(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 (2023/24: approx. 13.8%). The corporate income tax rate continues to amount to 15%, plus a solidarity surcharge amounting to 5.5% of corporate income tax.

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. The income tax rates applied to foreign companies range from 8.5% to 26.1% (2023/24: 8.5% to 27.2%).

The actual income tax charge of € 60,841k (2023/24: € 47,638k) is € 1,563k lower (2023/24: € 6,160k) than the expected tax charge of € 62,403k (2023/24: € 53,798k) which would have been payable by applying the average tax rate of 30% at HORNBACH Holding AG & Co. KGaA (2023/24: 30%) to the Group's pre-tax earnings of € 208,011k (2023/24: € 179,325k).

Deferred tax assets have been stated for losses carried forward amounting to € 4,859k (2023/24: € 51,124k). 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 € 68,676k (2023/24: € 16,487k), as future realization of the resultant benefit is not expected. There are no time limits on the utilization of any losses carried forward. Losses carried forward of € 5k for which no deferred taxes had been recognized were utilized in the year under report (2023/24: € 0k).

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 € 1,505,294k at subsidiaries (2023/24: € 1,418,914k), as these are either not subject to taxation or currently intended for reinvestment over an indefinite period.

Global minimum taxation (Pillar 2):

The HORNBACH Group is within the scope of global minimum taxation in the context of Pillar 2 tax legislation. The German Minimum Taxation Act (MinStG), which took effect on December 28, 2023, requires application in financial years beginning after December 30, 2023.

Extensive analysis has been performed to evaluate the implications of global minimum taxation for the Group. This review determined that at least one of the CbCR safe harbor rules applies in all of the jurisdictions in which the Group operates. As a result, there is no additional tax charge for the 2024/25 financial year in connection with global minimum taxation.

In accordance with the amendment to IAS 12 published in May 2023, the HORNBACH Group is drawing on the temporary exemption concerning the recognition of deferred taxes resulting from the introduction of global minimum taxation.

The Group is continually monitoring developments in legislation and evaluating the potential implications of minimum taxation legislation for its future earnings situation on an ongoing basis.

Breakdown of tax charge

	2024/25 € 000s	2023/24 € 000s
Current taxes on income		
Germany	25,294	18,856
Other countries	39,841	38,425
	65,135	**57,281**
Deferred tax expenses/income		
due to changes in temporary differences	5,595	(7,118)
due to changes in tax rates	121	(479)
due to losses carried forward	(10,010)	(2,046)
	(4,294)	**(9,643)**
Taxes on income	**60,841**	**47,638**

The transition from the expected to the actual income tax charge is as follows:

	2024/25		2023/24	
	€ 000s	%	€ 000s	%
Expected income tax charge	62,403	100.0	53,798	100.0
Difference between local tax rate and group tax rate	(16,236)	(26.0)	(12,110)	(22.5)
Tax-free income	(569)	(0.9)	(3,548)	(6.6)
Tax reductions/increases due to changes in tax rates	121	0.2	(479)	(0.9)
Tax increases attributable to expenses not deductible for tax purposes	8,562	13.7	7,716	14.3
Tax effects on losses carried forward	1,960	3.1	24	0.0
Non-period current and deferred taxes	4,600	7.4	2,237	4.2
Taxes on income	**60,841**	**97.5**	**47,638**	**88.5**
Effective tax rate in %	29.2		26.6	

As in the previous year, the non-period current tax income of € 110k in the 2024/25 financial year (2023/24: tax expenses of € 1,194k) chiefly results from the remeasurement of income tax provisions.

The non-period deferred tax expenses of € 4,710k (2023/24: tax expenses of € 1,043k) chiefly result from the recognition of deferred tax assets on temporary differences, as well as from the derecognition of deferred tax assets for loss carryovers in Sweden and Germany which were previously deemed utilizable but 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:

	2024/25 € 000s	2023/24 € 000s
Actuarial gains and losses on defined benefit plans		
Actuarial gains and losses on defined benefit plans before taxes	(892)	(6,334)
Change in deferred taxes	(199)	926
	(1,092)	**(5,408)**
Exchange differences arising on the translation of foreign subsidiaries	**5,358**	**(10,735)**
Other comprehensive income, net after taxes	**4,266**	**(16,143)**
of which: other comprehensive income before taxes	4,465	(17,069)
of which: change in deferred taxes	(199)	926

(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.

	2024/25	2023/24
Consolidated net income in € attributable to shareholders in HORNBACH Holding AG & Co. KGaA	140,679,109	125,139,984
Weighted number of common shares issued	15,977,232	15,975,646
Earnings per share in €	**8.80**	**7.83**

(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:

2024/25 financial year € 000s	Impairments due to IAS 36 impairment test [1]	Write-ups due to IAS 36 impairment test [1]	Result from sale or valuation of properties not required for operations	Other	Total
Selling and store expenses	(30,192)	12,742	0	290	(17,160)
Other income and expenses	0	0	313	0	313
	(30,192)	**12,742**	**313**	**290**	**(16,846)**

2023/24 financial year € 000s	Impairments due to IAS 36 impairment test [1]	Write-ups due to IAS 36 impairment test [1]	Result from sale or valuation of properties not required for operations	Other	Total
Selling and store expenses	(57,224)	26,932	0	0	(30,291)
Other income and expenses	0	0	2,393	(507)	1,886
	(57,224)	**26,932**	**2,393**	**(507)**	**(28,406)**

[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:

	2024/25 € 000s	2023/24 € 000s
Wages and salaries	900,651	853,790
Social security contributions and pension expenses	210,209	193,476
	1,110,860	**1,047,266**

Special items (due among other factors to the difficult economic and market climate)

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

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. In this connection, impairment losses of € 30,192k and write-ups of € 12,742k were recognized in the second half of the financial year.

In the previous year, impairment tests were performed in Q2 due to an amendment to the company's financial guidance and in Q4 due to the routine update in the company's strategic planning. These tests resulted in the cumulative recognition of impairment losses of € 57,224k and write-ups of € 26,932k.

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

	2024/25 € 000s	2023/24 € 000s
Scheduled amortization of intangible assets and depreciation of property, plant, and equipment, investment property, and right-of-use assets	219,941	217,780
Impairment of intangible assets, property, plant, and equipment, investment property, and right of use assets	30,611	57,224
	250,552	**275,004**

As in the previous year, the impairment losses recognized in the 2024/25 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:

2024/25 financial year	Intangible assets	Property, plant, and equipment and investment property	Depreciation of right-of-use assets	Total
Selling and store expenses	1,613	126,378	103,964	231,956
Pre-opening expenses	0	701	14	714
General and administration expenses	6,513	8,578	2,371	17,462
Other income and expenses	0	419		419
	8,126	**136,076**	**106,349**	**250,552**

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**

Notes to Consolidated Balance Sheet

(11) Intangible assets

The development in intangible assets in the 2023/24 and 2024/25 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, 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/ March 1, 2024	**125,420**	**28,139**	**3,937**	**6,719**	**164,217**
Changes in scope of consolidation	0	0	0	0	0
Additions	3,706	0	546	13,717	17,969
Disposals	166	0	0	0	166
Reclassifications	1,179	(1,611)	306	(59)	(185)
Foreign currency translation	4	0	0	0	4
Balance at February 28, 2025	**130,143**	**26,528**	**4,789**	**20,377**	**181,839**
Depreciation and amortization					
Balance at 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/ March 1, 2024	**99,622**	**5,119**	**3,538**	**0**	**108,279**
Additions	7,593	0	533	0	8,126
Write-ups	0	0	0	0	0
Disposals	194	0	0	0	194
Foreign currency translation	5	0	0	0	5
Balance at February 28, 2025	**107,026**	**5,119**	**4,071**	**0**	**116,216**
Carrying amount at February 28, 2025	**23,117**	**21,409**	**718**	**20,377**	**65,623**
Carrying amount at February 29, 2024	**25,798**	**23,020**	**399**	**6,719**	**55,938**

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.

Of the goodwill recognized as of February 28, 2025, the major share of € 17,874k relates to a cash generating unit operating in Germany in the field of bathroom refurbishment. This goodwill arose in the 2023/24 financial year in connection with the acquisition of shares in Seniovo GmbH. The purchase price allocation was completed in the 2024/25 financial year. Reference is made in this respect to the comments under "Changes in the scope of consolidation". In addition, further material goodwill amounting to € 3,271k relates to two garden centers in the Netherlands, with around 50% being allocable in each case.

As in the previous year, the mandatory annual impairment test performed on goodwill in the 2024/25 financial year did not identify any impairment requirement. The recoverable amounts of the respective 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 9.5% to 13.6% (2023/24: 8.9% to 9.2%). 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 three material goodwill-bearing cash generating units. 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 2023/24 and 2024/25 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, 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/ March 1, 2024	**2,311,121**	**1,316,970**	**44,968**	**911,880**	**85,883**	**4,670,822**
Reclassifications to/from non-current assets held for sale	0	0	(4,780)	0	0	(4,780)
Changes in scope of consolidation	0	0	0	0	0	0
Additions	62,361	155,720	419	52,621	50,518	321,639
Disposals	891	26,589	0	31,748	903	60,131
Reclassifications pursuant to IAS 40	1,639	0	(1,639)	0	0	0
Reclassifications	13,136	0	0	9,655	(22,606)	185
Foreign currency translation	6,952	2,722	(2)	1,585	322	11,579
Balance at February 28, 2025	**2,394,318**	**1,448,823**	**38,966**	**943,993**	**113,214**	**4,939,314**
Depreciation and amortization						
Balance at March 1, 2023	**733,051**	**446,460**	**16,877**	**668,629**	**0**	**1,865,017**
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/ March 1, 2024	**777,392**	**559,533**	**18,623**	**701,629**	**0**	**2,057,177**
Reclassifications to/from non-current assets held for sale	0	0	(2,216)	0	0	(2,216)
Additions	53,154	127,759	1,221	60,291	0	242,425
Write-ups	(2,010)	(9,684)	(732)	(1,049)	0	(13,475)
Disposals	230	24,679	0	29,818	0	54,727
Reclassifications pursuant to IAS 40	108	0	(108)	0	0	0
Foreign currency translation	1,501	1,221	0	1,324	0	4,046
Balance at February 28, 2025	**829,915**	**654,150**	**16,788**	**732,377**	**0**	**2,233,230**
Carrying amount at February 28, 2025	**1,564,402**	**794,673**	**22,178**	**211,616**	**113,214**	**2,706,083**
Carrying amount at February 29, 2024	**1,533,728**	**757,437**	**26,345**	**210,251**	**85,883**	**2,613,644**

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 %	7.75 %

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.

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 eighteen stores in Germany, one store in Austria, and one store in Slovakia. These items were written down by € 460k to their net realizable value, which was determined using Level 3 input data. Furthermore, these items were written down by € 29,732k 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 9.2%. The recoverable amount for these locations amounts to € 246,734k in total.

Moreover, the impairment tests resulted in the recognition of write-ups totaling € 12,742k at four stores in Germany, two stores in Austria, two stores in Sweden, one store in Netherlands, and one store in Switzerland. These write-ups, which related to right-of-use assets and to marketing-oriented and sales promotional plant and office equipment, 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 6.0% and 9.3%. The recoverable amount for these locations amounts to € 200,795k in total.

In the previous year, the company amended its financial guidance in the 2nd quarter in response to the deterioration in the macroeconomic climate 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 2023/24. 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 amounted 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 amounted 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 amounted to € 220,953k in total.

Moreover, the impairment tests in the 2023/24 financial year 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 amounted to € 255,734k in total.

Impairment losses are included under non-current asset items in the corresponding segments as follows:

	2024/25	2023/24
HORNBACH Baumarkt AG Subgroup		
Intangible assets	0	2,601
Buildings	7,519	3,019
Right-of-use assets	21,410	47,567
Other equipment, plant, and office equipment	1,309	3,050
	30,238	**56,237**
HORNBACH Baustoff Union GmbH Subgroup		
Intangible assets	373	0
Buildings	0	446
Right-of-use assets	0	541
	373	**987**
Total	**30,611**	**57,224**

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 € 40.9 million (2023/24: € 42.3 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 € 3,183k was generated on properties let to third parties in the year under report (2023/24: € 3,094k). Expenses of € 2,070k were incurred for the maintenance of the properties let to third parties (2023/24: € 1,246k). Expenses of € 139k were incurred for all other items of investment property (2023/24: € 373k). The real estate acts as security for bank loans in the form of registered land charges amounting to € 235.7 million (2023/24: € 217.1 million).

(13) Leases

Leases developed as follows in the 2024/25 financial year:

2024/25 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, 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**
Carrying amount at March 1, 2024	**752,074**	**5,364**	**757,437**
Additions	145,204	10,516	155,720
Write-ups	9,684	0	9,684
Depreciation and amortization	117,687	10,072	127,759
Disposals	1,388	522	1,910
Foreign currency translation	1,488	12	1,501
Carrying amount at February 28, 2025	**789,376**	**5,297**	**794,673**

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 28, 2025, the contract portfolio comprises 173 property lease agreements (2023/24: 177). The weighted remaining term of this portfolio amounts to 10.2 years (2023/24: 12.0 years). The weighted remaining term of leases for plant and office equipment amounts to 1.4 years (2023/24: 1.5 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 € 119,080k. (2023/24: € 143,678k).

The following amounts were recognized in the income statement and the cash flow statement in the 2024/25 financial year:

	2024/25 € 000s	2023/24 € 000s
Sales / other operating income		
Income from operating lease contracts	7,813	7,229
Income from sublease contracts	3,288	2,188
Other income from real estate lease contracts (service charge)	1,688	1,563
Selling and store expenses / pre-opening expenses / general and administration expenses		
Expenses for short-term lease contracts	3,047	6,030
Expenses for leases involving low-value assets	1,802	1,712
Other expenses for real estate lease contracts (service charge)	7,450	7,124
Depreciation and amortization/write-ups		
Depreciation of right-of-use assets	106,349	104,864
Impairment / write-up of right-of-use assets	11,726	23,529
Net financial expenses		
Interest expenses from lease liabilities	33,198	30,724
Financing income on net investment in lease	313	323
Outflow of cash	**172,366**	**167,054**

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	2024/25		2023/24	
	Nominal value	Present value	Nominal value	Present value
Maturity < 1 year	140,878	101,653	133,192	100,487
Maturity 1 - 5 years	525,600	422,023	492,741	408,105
Maturity > 5 years	499,225	411,196	447,853	378,567
	1,165,703	**934,872**	**1,073,786**	**887,159**

The receivables of € 27,841k from operating lease contracts (2023/24: € 31,306k) 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	Maturities						Total
€ 000s	1 year	2 years	3 years	4 years	5 years	> 5 years	
February 28, 2025	8,254	4,572	3,603	2,926	2,352	6,134	27,841
February 29, 2024	7,206	4,478	4,277	2,859	5,899	6,587	31,306

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.

	2024/25 € 000s	2023/24 € 000s
Maturity < 1 year	396	396
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	5,408	5,804
Nominal value of lease payments	**7,388**	**7,784**
Gross investment	**7,388**	**7,784**
Financial income not yet realized	3,541	3,854
Net investment	**3,848**	**3,930**

(14) Financial assets

The development in financial assets in the 2023/24 and 2024/25 financial years was as follows:

€ 000s Cost	Investments	Total
Balance at February 29/March 1, 2024	**212**	**212**
Balance at February 28, 2025	**212**	**212**
Carrying amount at February 28, 2025	**212**	**212**
Carrying amount at February 29, 2024	212	212

There were no material changes in financial assets in the 2024/25 financial year. Dividends of € 4k were paid in the 2024/25 financial year (2023/24: € 4k).

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 € 3,577k (2023/24: € 3,756k) and accruals of € 2,556k with a remaining term of more than one year (2023/24: € 2,152k).

(16) Deferred taxes

Deferred taxes relate to the following items:

	2.28.2025 Assets € 000s	2.28.2025 Liabilities € 000s	2.29.2024 Assets € 000s	2.29.2024 Liabilities € 000s
Intangible assets and property, plant, and equipment	13,296	36,732	12,635	44,658
Leasing	244,280	207,750	231,513	198,827
Inventories	1,232	5,167	926	6,384
Other assets and liabilities	2,190	3,632	1,921	3,147
Liabilities	262	298	136	402
Other provisions	10,159	1,132	10,763	1,315
Tax-free reserves	0	183	0	67
Losses carried forward	1,466	0	11,627	0
	272,885	**254,894**	**269,521**	**254,800**
Set-off	(219,505)	(219,505)	(228,823)	(228,823)
Total	**53,380**	**35,389**	**40,698**	**25,976**

(17) Inventories

	2.28.2025 € 000s	2.29.2024 € 000s
Raw materials and supplies	2,451	2,606
Finished products and merchandise	1,291,070	1,218,744
Inventories (gross)	**1,293,521**	**1,221,350**
less valuation allowances	27,432	25,695
Inventories (net)	**1,266,089**	**1,195,655**
Carrying amount of inventories measured at net realizable value	67,977	64,053

Expenses of € 3,867,352k were recognized as merchandise input expenses for merchandise and auxiliary materials and supplies in the 2024/25 financial year (2023/24: € 3,909,188k).

(18) Trade receivables and other current assets

These comprise the following items:

	2.28.2025 € 000s	2.29.2024 € 000s
Trade receivables	52,506	47,607
Receivables from affiliated companies	9	9
Contract assets	1,470	1,567
Positive fair values of derivative financial instruments	330	455
Other receivables and assets	111,625	115,252
	165,940	**164,890**

Furthermore, the Group has current financial assets of € 138k relating to cash investments with terms of more than 3 months (2023/24: € 0k).

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.

Given the change of factoring company and resultant change of conditions, there has been no continuing involvement since the past reporting year. Expenses of € 0k were recognized in the 2024/25 financial year for receivables that were assigned and fully derecognized and that subsequently defaulted (2023/24: € 454k).

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 € 4,406k for expected returns (2023/24: € 4,855k). Furthermore, this item also includes tax refund claims of € 10,977k (2023/24: € 8,098k). Further information about these can be found in Note 27.

As in the previous year, there are no material 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	
	2024/25	2023/24	**2024/25**	2023/24
Allowances at March 1	**7,059**	**7,759**	**536**	**619**
Utilization	1,065	2,020	1	224
Reversals	1,710	1,877	138	142
Additions	4,607	3,204	329	280
Foreign currency translation	2	(7)	1	3
Allowances at February 28/February 29	**8,893**	**7,059**	**727**	**536**

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 € 5,311k depending on the term and in the range 0.33%-3.70% (2023/24: € 4,559k in the range: 0.59%-2.82%) and individual allowances of € 3,582k recognized due to objective indications or payment difficulties (2023/24: € 2,500k).

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 € 182k due to objective indications (2023/24: € 377k) and further individual allowances of € 486k depending on the extent to which the receivables are overdue (2023/24: € 95k). The risk provision for contract assets is based on the simplified allowance model and, at the end of the financial year, amounted to € 59k (2023/24: € 64k).

The complete derecognition of receivables resulted in expenses of € 1,436k (2023/24: € 2,527k). The receipt of receivables already derecognized resulted in income of € 467k (2023/24: € 51k).

In the 2024/25 financial year, there were no material balances of derecognized receivables subject to execution proceedings.

(19) Cash and cash equivalents

	2.28.2025 € 000s	2.29.2024 € 000s
Cash balances at banks	286,351	340,574
Checks and cash on hand	30,896	29,679
	317,247	**370,253**

(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 2024/25 financial year, two properties with carrying amounts of € 2,565k in the “HORNBACH Immobilien AG Subgroup” segment were reclassified out of the “investment property” balance sheet line item. The sale of one of these properties with a carrying amount of € 2,000k was completed in the year under report. No profit or loss was generated from this sale.

The piece of land with a carrying amount of € 286k already reclassified in the previous year was sold in the 2024/25 financial year. A loss of € 11k was realized in connection with the sale. The disposal loss thereby generated was recognized under other operating expenses in the “HORNBACH Baumarkt AG Subgroup” segment.

As in the previous year, no impairment losses or write-ups were recognized on non-current assets held for sale in the 2024/25 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 2024/25 and 2023/24 financial years.

Share capital

At the balance sheet date on February 28, 2025, 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).

Furthermore, the company's share capital is conditionally increased by up to € 4,800,000.00 by issuing up to 1,600,000 new individual bearer shares. This conditional capital increase serves to grant shares to the bearers or creditors of convertible and/or warrant bonds issued or to be issued up to and including July 6, 2028 by the company or a domestic or foreign company in which the company directly or indirectly holds a majority of the shares and capital on the basis of the authorization granted by resolution of the Annual General Meeting on July 7, 2023.

By resolution of the Annual General Meeting on July 5, 2024, the company was further authorized through to the expiry of July 4, 2026 to acquire treasury stocks in a volume of up to a total of 10% of share capital or, if such amount is lower, of the share capital at the time at which the authorization is exercised for every purpose permitted by § 71 (1) No. 8 AktG in accordance with statutory limitations and the conditions stipulated in the resolution. The General Partner was authorized to use the treasury stocks thereby acquired in accordance with the resolution for all purposes permitted by law and also to purchase the treasury stock using derivatives.

The company held a total of 3,249 shares as treasury stocks at the balance sheet date on February 28, 2025.

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 did not receive or publish any such notification in the reporting period from March 1, 2024 to February 28, 2025. 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 4.67% (2023/24: 6.32%). 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 28, 2025	February 29, 2024
Sales	5,847,008	5,779,967
Consolidated net income	115,342	74,505
of which: attributable to non-controlling interests	6,519	6,475
Other comprehensive income	1,543	(7,362)
Total comprehensive income	**116,885**	**67,143**
of which: attributable to non-controlling interests	6,617	5,818
Assets	4,394,077	4,255,873
Liabilities	2,723,727	2,673,785
Net assets	**1,670,349**	**1,582,088**
of which: attributable to non-controlling interests	78,131	100,370
Cash flow from operating activities	293,846	437,225
Cash flow from investing activities	(108,696)	(148,437)
Cash flow from financing activities	(223,404)	(340,779)
Cash-effective change in cash and cash equivalents	**(38,256)**	**(51,992)**
Dividends paid to non-controlling interests [1]	1,539	2,248

[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 2024/25 financial year. The equity ratio amounted to 44.1% as of February 28, 2025 (2023/24: 43.5%).

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 7, 2024, the employees of HORNBACH Holding AG & Co. KGaA and its domestic and foreign subsidiaries were offered employee shares. Overall, a total of 50,000 shares in HORNBACH Holding AG & Co. KGaA were acquired via the stock exchange in the 2024/25 financial year and, together with 5,944 shares from the previous year's holdings, were used for issue to employees. A total of 55,944 shares were assigned to employees. In the past financial year, the 50,000 shares were purchased at an average price of € 77.35. The 5,944 shares additionally used from the previous year's holdings were purchased in the 2022/23 financial year at an average price of € 74.66. The 55,944 shares were subsequently sold to employees at a price of € 42.50. An amount of € -507k 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 165 shares were assigned to employees of HORNBACH Holding AG & Co. KGaA, while 55,779 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 2024/25 financial year with an annual net surplus of € 60,992,391.60. Including profit carried forward of € 34,725,456.36, unappropriated net profit amounts to € 95,717,847.96.

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 € 95,717,847.96 be appropriated as follows:

	€
Dividend of € 2.40 on 15,996,751 shares	38,392,202.40
Balance to be carried forward	57,325,645.56
	95,717,847.96

In the 2024/25 financial year, the Annual General Meeting held on July 5, 2024 approved a dividend of € 2.40. The total amount distributed thus amounted to € 38,378k (2023/24: € 38,384k).

(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	2.28.2025 Total
Bonds		249,197		249,197
Liabilities to banks	190,281	165,826	53,197	409,304
Lease liabilities	101,653	422,023	411,196	934,872
Negative fair values of derivative financial instruments	839			839
Total	**292,773**	**837,046**	**464,393**	**1,594,212**

€ 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**

The HORNBACH Holding AG & Co. KGaA Group had current financial debt amounting to € 292.8 million at the balance sheet date on February 28, 2025 (2023/24: € 190.9 million). This consists of the portion of loans maturing in the short term, amounting to € 134.9 million (2023/24: € 26.9 million), lease liabilities of € 101.7 million (2023/24: € 100.5 million), short-term time loans and overdraft utilization of € 49.9 million (2023/24: € 57.5 million), interest deferrals of € 5.5 million (2023/24: € 5.8 million), and liabilities of € 0.8 million relating to the measurement of derivative financial instruments (2023/24: € 0.3 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 (2023/24: € 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	43 million	EUR	09.13.2018	09.15.2025	Fixed[1]
HORNBACH Baumarkt AG	Promissory note	74 million	EUR	02.22.2019	02.23.2026	Fixed[1]
HORNBACH Baumarkt AG	Corporate Bond	250 million	EUR	10.25.2019	10.26.2026	Fixed [2]
HORNBACH Holding AG & Co.KGaA	Promissory note	50 million	EUR	06.01.2022	06.01.2027	Fixed[1]
HORNBACH Holding AG & Co.KGaA	Promissory note	50 million	EUR	06.01.2022	06.01.2029	Fixed[1]

[1] The costs relating to the issue have been spread over the term.
[2] 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:

2024/25 financial year	Currency	Interest agreement in % (including swap)	Maturity	**Amount 2.28.2025 € 000s**
Loans	EUR	1.50 to 2.46	2025 to 2029	216,799
Mortgage loans	EUR	0.55 to 4.43	2028 to 2038	104,825
	CZK	3.57 to 3.57	2026 to 2026	2,306
	RON	7.93 to 7.93	2033 to 2033	24,279
	SEK	4.97 to 4.97	2028 to 2028	5,705
				353,914

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

The non-current liabilities to banks have fixed interest rates.

As of February 28, 2025, the HORNBACH Holding AG & Co. KGaA Group had total credit lines of € 588.7 million (2023/24: € 590.7 million) on customary market terms. Unutilized credit lines amounted to € 525.4 million (2023/24: € 520.5 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, 2029. This credit line 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. Based on the rendezvous clause included in the credit line agreement, a supplementary ESG agreement was concluded in May 2024 with KPIs in the areas of greenhouse gas emissions, product range, and employee satisfaction. Depending on achievement of the agreed targets, the interest rate is reduced or increased 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 € 235.7 million have been provided as security for liabilities to banks (2023/24: € 217.1 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 in € 000s	3.1.2024	Cash-effective changes	of which: interest included in cash flow from operating activities	Non-cash changes			2.28.2025
				Foreign currency translation	Changes in fair values	Other changes	
Bonds	248,684	(8,125)	8,125	0	0	512	249,196
Liabilities to banks	436,655	(43,030)	15,722	82	0	(125)	409,304
Lease liabilities	887,159	(141,081)	33,198	1,818	0	153,777	934,873
Financial and similar liabilities	**1,572,498**	**(192,235)**	**57,046**	**1,900**	**0**	**154,164**	**1,593,373**

Reconciliation pursuant to IAS 7 in € 000s	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**

The cash-effective changes include changes of € 2,464k due to overdraft facilities (2023/24: € 4,919k).

(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 € 82,876k in the 2024/25 financial year (2023/24: € 78,872k). Of this total, an amount of € 46,380k involved the employer's share of contributions to the state pension scheme in Germany (2023/24: € 43,358k).

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 € 11,657k in the 2025/26 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 1,098 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 during the vesting period. 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. Upon the benefits falling due, the pension capital is determined and individual contractual payment modes agreed. The existing scope of obligation is determined as an actuarial present value. During the payout phase, the remaining capital bears interest at 1% p.a.

  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:

	2.28.2025 € 000s	2.29.2024 € 000s
Present value of pension obligation	123,231	108,903
less fair value of plan assets	(117,327)	(105,344)
Asset ceiling	0	1,702
Pension commitments as reported in balance sheet	**5,904**	**5,260**
of which pensions and similar obligations	7,934	5,260
of which: plan assets	2,031	0

The plan assets were structured as follows at the balance sheet date:

	2.28.2025 %	2.29.2024 %
Debt securities	60.8	61.6
Shares	7.4	5.9
Real estate	18.0	17.4
Other	13.9	15.1
	100.0	**100.0**

Change in pension obligation

	2024/25 € 000s	2023/24 € 000s
Present value of pension obligation at the beginning of the period	108,903	94,011
Current service cost of employer	5,813	5,747
Past service cost	236	(552)
Employee contributions	4,680	4,295
Interest cost	1,867	2,216
Payments from the plan	(4,601)	(4,314)
Actuarial gains/losses due to:		
Changes in financial assumptions	2,891	5,715
Experience adjustments	4,937	1,216
Insurance premiums	(2,808)	(2,539)
Foreign currency translation	1,313	3,109
Present value of pension obligation at the end of the period	**123,231**	**108,903**

Change in plan assets

	2024/25 € 000s	2023/24 € 000s
Plan assets at beginning of period	105,344	95,404
Employer contributions	6,704	6,428
Employee contributions	4,680	4,295
Payments from the plan	(4,591)	(4,302)
Interest income	1,880	2,360
Return on plan assets (net of income recognized in net interest expenses)	4,951	629
Insurance premiums	(2,808)	(2,539)
Foreign currency translation	1,167	3,069
Plan assets at the end of the period	**117,327**	**105,344**

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.

	2024/25 € 000s	2023/24 € 000s
Current service cost of employer	5,813	5,747
Past service cost	236	(552)
Interest cost	1,925	2,271
Interest income	(1,880)	(2,360)
Effects recognized in P&L	**6,094**	**5,106**
Actuarial gains/losses due to:		
Changes in financial assumptions	(2,891)	(5,715)
Experience adjustments	(4,937)	(1,216)
Return on plan assets (net of recognized in net interest expenses)	4,951	629
Asset ceiling	1,759	(153)
Effects recognized in OCI	**(1,118)**	**(6,455)**
Costs for defined benefit plans	**7,212**	**11,561**

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:

	2024/25 € 000s	2023/24 € 000s
Selling and store expenses	4,175	3,514
General and administration expenses	1,874	1,681
Net interest expenses	45	(90)
	6,094	**5,106**

Actuarial assumptions

The calculation has been based on the following actuarial assumptions. These vary depending on the country in which the plan is based.

	2.28.2025		2.29.2024	
	Weighted average	Range	Weighted average	Range
Discount interest rate	1.6%	1.2% to 3.5%	1.9%	1.5% to 3.5%
Future salary increases	1.9%	0.0% to 3.0%	1.9%	0.0% - 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	2.28.2025		2.29.2024	
	Increase	Decrease	Increase	Decrease
Discount rate (0.25 basis points change)	(2,673)	3,295	(2,168)	2,302
Future rate of pension increase (0.10 basis points change)	766	n/a	630	n/a
Mortality (+ 1 year)	1,350	n/a	1,108	n/a

Future cash flows

Payments of contributions amounting to € 6,988k are expected for the 2025/26 financial year.

Expected payments	2.28.2025 € 000s
2025/2026	6,457
2026/2027	7,765
2027/2028	5,119
2028/2029	6,493
2029/2030	8,162
2030 – 2035	34,401

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 – 2034	33,550

(25) Other non-current liabilities

Other non-current liabilities chiefly involve non-current provisions of € 48,073k (2023/24: € 50,778k). These mainly include provisions of € 24,924k (2023/24: € 22,970k) for contractually assumed structural maintenance obligations and personnel provisions of € 19,835k (2023/24: € 24,573k). 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

	2024/25 € 000s	2023/24 € 000s
Present value of pension obligation at the beginning of the period	4,791	4,987
Current service cost of employer	198	211
Payments from the plan	(237)	(467)
Interest cost	162	182
Actuarial gains/losses due to:		
Changes in financial assumptions	(138)	30
Experience adjustments	(87)	(151)
Present value of pension obligation at the end of the period	**4,689**	**4,791**

	2024/25 € 000s	2023/24 € 000s
Current service cost of employer	198	211
Interest cost	162	182
Effects recognized in P&L	**360**	**392**
Actuarial gains/losses due to:		
Changes in financial assumptions	138	(30)
Experience adjustments	87	151
Effects recognized in OCI	**225**	**121**
Total costs for the plan	**135**	**271**

The average remaining term of the obligation amounts to 11.0 years (2023/24: 11.0 years).

Actuarial assumptions and sensitivity analysis

	2.28.2025	2.29.2024
Discount interest rate	3.2 %	3.4 %
Future salary increases	2.5 %	3.1 %

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	2.28.2025		2.29.2024	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5 basis points change)	(276)	204	(247)	267
Future rate of salary increase (0.5 basis points change)	195	(269)	257	(240)

(26) Trade payables and other current liabilities

	2.28.2025 € 000s	2.29.2024 € 000s
Trade payables	447,688	397,434
Liabilities to affiliated companies	1,496	2,173
of which: to shareholders	1,496	2,173
Liabilities for reverse factoring program	99,486	149,107
Contract liabilities	46,851	45,131
Other liabilities	111,699	115,003
of which: other taxation	34,502	33,541
of which: social security contributions	8,061	7,536
	707,219	**708,848**

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. Via the existing reverse factoring program, trade payables up to a maximum volume of € 250 million can be paid on currently valid market terms plus a margin. As of February 28, 2025, this program was drawn on with an amount of € 99.5 million in order to optimize working capital (2023/24: € 149.1 million). With this program, the weighted payment target of the liabilities paid in this way as of the balance sheet date was extended from 26 days by 60 days.

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 € 7,897k (2023/24: € 8,577k), 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 € 37,345k for current income taxes (2023/24: € 29,406k), an amount of € 17,246k relates to Germany (2023/24: € 20,901k) and € 20,099k to other countries (2023/24: € 8,505k).

The income tax receivables of € 29,948k (2023/24: € 27,501k) mainly result from prepayments of corporate income tax and from imputable capital gains 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 2024/25 financial year:

€ 000s	Opening balance at 3.1.2024	Utilization	Reversals	Additions	Interest compounding	Foreign currency translation	Closing balance at 2.28.2025	of which: non-current
Other provisions								
Personnel	24,573	1,645	4,031	768	162	9	19,835	19,835
Miscellaneous	28,235	4,517	1,163	6,569	507	38	29,669	28,238
	52,808	**6,163**	**5,194**	**7,337**	**669**	**47**	**49,504**	**48,073**
Accrued liabilities								
Other taxes	22,652	1,196	102	591	0	2	21,946	0
Personnel	75,431	55,350	884	72,694	0	84	91,976	0
Miscellaneous	31,319	23,810	3,576	27,262	0	51	31,246	0
	129,402	**80,355**	**4,562**	**100,547**	**0**	**136**	**145,167**	**0**
	182,210	**86,518**	**9,756**	**107,884**	**669**	**183**	**194,671**	**48,073**

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 28, 2025.

(30) Other financial obligations

€ million	Maturities			2.28.2025
	Current < 1 year	Non-current 1 to 5 years	Non-current > 5 years	Total
Purchase obligations for investments	182.7	0.0	0.0	182.7
Software rental / licenses	19.5	9.6	0.0	29.1
Miscellaneous financial obligations	8.3	0.0	0.0	8.3
	210.5	**9.6**	**0.0**	**220.1**

€ 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**

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 28, 2025:

€ 000s	Category	Carrying amount 2.28.2025	Fair value 2.28.2025	Carrying amount 2.29.2024	Fair value 2.29.2024
Assets					
Financial assets	FVtOCI	212	212	212	212
Current financial assets	AC	138	138	0	0
Trade receivables	AC	52,515	52,515	47,616	47,616
Contract assets	AC	1,470	1,470	1,567	1,567
Other current and non-current assets					
Derivatives without hedge relationship	FVtPL	330	330	455	455
Other assets	AC	82,475	82,475	90,509	90,509
Cash and cash equivalents	AC	317,247	317,247	370,253	370,253
Equity and liabilities					
Financial debt					
Bonds	AC	249,197	247,410	248,684	244,738
Liabilities to banks	AC	409,304	396,399	436,655	404,874
Lease liabilities	n/a	934,872	n/a	887,159	n/a
Derivatives without hedge relationship	FVtPL	839	839	275	275
Trade payables	AC	449,184	449,184	399,607	399,607
Liabilities from the reverse factoring program	AC	99,486	99,486	149,107	149,107
Other current and non-current liabilities	AC	51,372	51,372	44,640	44,640
Accrued liabilities	AC	31,245	31,245	31,319	31,319

The interest of € 2,827k accrued since the previous bond interest payment date has been recognized in the carrying amount of liabilities to banks (2023/24: € 2,827k).

The following items are outside the scope of IFRS 7: other current and non-current assets of € 38,118k (2023/24: € 32,740k), other current and non-current liabilities of € 142,566k (2023/24: € 141,470k), and accrued liabilities of € 113,922k (2023/24: € 98,083k).

Aggregate totals by measurement category € 000s	Carrying amount 2.28.2025	Carrying amount 2.29.2024
Amortized cost (AC) financial assets	453,845	509,945
FVtOCI	212	212
FVtPL	330	455
Amortized cost (AC) financial liabilities	1,289,788	1,310,012
FVtPL	839	275

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.

Derivative financial instruments 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	2.28.2025	2.29.2024
Assets			
Valuation based on Level 2 input data			
Derivatives without hedge relationship	FVtPL	330	455
Liabilities			
Valuation based on Level 1 input data			
Bonds	AC	247,410	244,738
Valuation based on Level 2 input data			
Liabilities to banks	AC	396,399	404,874
Derivatives without hedge relationship	FVtPL	839	275

In the income statement, net results are included in the following line items:

Net result by measurement category	2024/25 € 000s	2023/24 € 000s
Amortized cost (AC) financial assets	(3,354)	(3,702)
Amortized cost (AC) financial liabilities	1,426	5,484
FVtPL	2,803	(806)

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 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 without hedge relationships (forward exchange).

2.28.2025 in € 000s	Gross amount	Set-off	Net amount	Potential netting volume		Potential net amount
				Netting arrangements	Financial collateral	
Assets						
Derivatives without hedge relationship	330	0	330	(52)	0	278
Equity and liabilities						
Derivatives without hedge relationship	839	0	839	52	0	786

2.29.2024 in € 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
Equity and liabilities						
Derivatives without hedge relationship	275	0	275	12	0	262

(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	2.28.2025	2.29.2024
EUR	(148,264)	(99,863)
USD	(16,800)	(17,020)
CZK	(2,642)	(1,930)
SEK	(78)	(58)
CNY/CNH	2,671	1,925

The above EUR currency position results from the following currency pairs: CHF/EUR € -54,983k (2023/24: € -63,495k), RON/EUR € -50,238k (2023/24: € -21,074k), SEK/EUR € -37,201k (2023/24: € -41,537k), and CZK/EUR € -5,842k (2023/24: € 26,243k).

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 € 13,738k lower (2023/24 € 8,642k). 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 € 13,738k higher (2023/24: € 8,642k). The hypothetical impact on earnings of € 13,738k (2023/24: € 8,642k) is the result of the following sensitivities: EUR/CHF € 5,415k (2023/24: € -6,230k), EUR/RON € 5,087k (2023/24: € 2,114k), EUR/SEK € 4,360k (2023/24: € 4,818k), EUR/CNY(CNH) € 250k (2023/24: € 172k), EUR/CZK € 325k (2023/24: € -2,935k), and EUR/USD € -1,699k (2023/24: € -1,757k).

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 (2023/24: € 250,000k), two promissory note bonds amounting to € 100,000k at HORNBACH Holding AG & Co. KGaA (2023/24: € 100,000k), one promissory note bond amounting to € 43,000k at HORNBACH Holding B.V. (2023/24: € 43,000k), one promissory note bond amounting to € 74,000k at HORNBACH Baumarkt AG (2023/24: € 74,000k), and a mortgage loan of € 36,250k at HORNBACH Immobilien AG (2023/24: € 41,250k). Moreover, the Group also has short-term and long-term euro loans amounting to € 68,575k (2023/24: € 67,686k), long-term CZK loans amounting to € 2,306k (2023/24: € 13,341k), long-term SEK loans amounting to € 5,795k (2023/24: € 7,282k), and long-term RON loans amounting to € 24,279k (2023/24: € 27,227k). Moreover, the Group had current liabilities to banks of € 47,400k as of the balance sheet date (2023/24: € 52,500k).

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.

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 € 2,108k higher (2023/24: € 2,830k) and equity before deferred taxes would have been € 0k higher (2023/24: € 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 29, 2024 and March 1, 2024 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 2.28.2025	Cash outflows < 1 year	1 to 5 years	> 5 years
Primary financial liabilities				
Bonds	249,197	8,125	258,125	0
Liabilities to banks	409,304	194,691	186,582	59,652
Lease liabilities	934,872	140,878	525,600	499,225
Trade payables	449,184	449,184	0	0
Liabilities for the reverse factoring program	99,486	99,486	0	0
Other current and non-current liabilities	51,372	48,778	2,594	0
Accrued liabilities	31,245	31,245	0	0
	2,224,660	**972,387**	**972,901**	**558,877**
Derivative financial liabilities				
Foreign currency derivatives without hedge relationship	839	8,607	0	0
	839	**8,607**	**0**	**0**
Derivative financial assets				
Foreign currency derivatives without hedge relationship	330	27,487	0	0
	330	**27,487**	**0**	**0**
		1,008,481	**972,901**	**558,877**

€ 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**

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 (2023/24: € 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.

As in the previous year, the Group did not hold any interest swaps at the end of the 2024/25 financial year.

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 € -508k (2023/24: € 181k). Of this total, € 330k has been recognized under other assets (2023/24: € 455k) and € -839k under financial debt (2023/24: € -275k).

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.

2.28.2025	Forward exchange transactions	Embedded forward exchange transactions	Total
Nominal value in € 000s	37,000	46,508	83,508
Fair value in € 000s (before deferred taxes)	263	(771)	(508)

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

(34) Other disclosures

Employees

The average number of employees was as follows:

	2024/25	2023/24
Salaried employees	24,236	22,697
Trainees	1,060	1,081
	25,296	**23,778**
of which: part-time employees	8,436	7,674

In terms of geographical regions, 13,586 of the average workforce were employed in Germany during the 2024/25 financial year (2023/24: 12,715) and 11,710 abroad (2023/24: 11,063).

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:

	2024/25 € 000s	2023/24 € 000s
Audit services [1]	1,284	1,336
Other confirmation services [2]	251	240
Other services [3]	12	98
	1,547	**1,674**

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. The auditor responsible for the audit is Marco Koch (Partner).

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 2024 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	
	2024/25	2023/24	2024/25	2023/24
Parent company				
Hornbach Familien-Treuhandgesellschaft mbH (ultimate controlling party)	3	3	0	0
HORNBACH Management AG (General Partner)	37	3	1,766	2,179
	40	**6**	**1,766**	**2,179**
Other related parties	**0**	**0**	**9**	**0**
	40	**6**	**1,775**	**2,179**

€ 000s	Receivables		Liabilities	
	02.28.2025	29.02.2024	02.28.2025	29.02.2024
Parent company				
HORNBACH Management AG (General Partner)	0	0	2,458	3,424
	0	**0**	**2,458**	**3,424**
Other related parties	**0**	**0**	**0**	**0**
	0	**0**	**2,458**	**3,424**

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 2024/25 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 € 1,754k were incurred in the past financial year for these services relating to management in key positions (2023/24: € 2,166k). 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. The company received other services of € 9k in the course of its customary business activities (2023/24: € 0k). These services were performed at customary market prices.

As in the previous year, the receivables and liabilities outstanding as of February 28, 2025 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 28, 2025 and the date on which these financial statements were prepared.

The consolidated financial statements of HORNBACH Holding AG & Co. KGaA for the 2024/25 financial year were approved for publication by the Board of Management of the General Partner HORNBACH Management AG on May 15, 2025.

(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 2024/25 financial year amounts to € 4,605k (2023/24: € 1,343k). Of short-term benefits, € 2,026k (2023/24: € 1,827k) relates to fixed remuneration and € 719k (2023/24: € 4k) to performance-related components. Payments of € 1,860k (2023/24: € -488k) 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 € 457k were incurred for active members of the Board of Management in the 2024/25 financial year (2023/24: € 408k). 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 2024/25 financial year totaled € 73k (2023/24: € 109k). Pension provisions for former members of the Board of Management totaled € 6,011k at the Group as of February 28, 2025 (2023/24: € 6,189k).

The total remuneration of the Supervisory Board (pursuant to § 314 (1) No. 6a HGB) for the 2024/25 financial year amounted to € 730k (2023/24: € 734k). Of short-term benefits, € 480k (2023/24: € 480k) related to basic remuneration and € 250k (2023/24: € 254k) to committee activities.

The total remuneration of the Board of Management (including former members) and Supervisory Board amounted to € 5,408k (2023/24: € 2,186k).

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, 2025

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

Albrecht Hornbach 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 28 February 2025, 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 2024 to 28 February 2025, and the notes to the consolidated financial statements, including material accounting policy information. 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 2024 to 28 February 2025. In accordance with the German legal requirements, we have not audited the content of the consolidated corporate governance statement pursuant to Sections 315d German Commercial Code (HGB) combined with the corporate governance statement pursuant to Section 289f HGB referred to in the combined management report as well as the group sustainability statement included in the combined management report. In addition, we have not audited the content of the disclosures in section "1.4 Overall assertion on the appropriateness and effectiveness of the internal control and risk management system" in the section "Risk report" as well as the disclosures in section "2.3 Hidden reserves in real estate assets" in the section "Group business model" 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® Accounting Standards issued by the International Accounting Standards Board (IASB) (hereinafter "IFRS Accounting Standards") 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 28 February 2025 and of its financial performance for the financial year from 1 March 2024 to 28 February 2025, 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 statements referred to above as well as the disclosures referred to above.

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 2024 to 28 February 2025. 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 right-of-use assets 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 28 February 2025 state "land, land rights and buildings including buildings on third-party land" (also called real estate at individual locations) of mEUR 1,564.4 and right-of-use assets of "land, land rights and buildings including buildings on third-party land" (so-called "right-of-use assets of real estate at individual locations") of mEUR 789.4. This makes up 51.0% of the total assets. In the financial year 2024/2025, total impairments of mEUR 28.9 on these assets and total write-ups of mEUR 11.7 were recognised through profit and loss.

   The recoverability of the real estate at individual locations and of the right-of-use assets 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 right-of-use 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 right-of-use assets 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, right-of-use assets of real estate at 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, right-of-use assets, 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 tests in particular. Concerning identified audit-relevant controls for the performance of the impairment tests, we evaluated the design of such controls and ascertained whether they had been implemented. In addition, we tested these controls for functionality. 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 tested the expected future cash flows to be considered in the measurement for plausibility and compared them with the corporate planning adopted by the executive board and acknowledged 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, Modeling & Economics 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 external experts consulted by the Group to determine the net realisable values of the real estate at individual locations determined in this context 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 28 February 2025 amount to mEUR 1,266.1, which makes up 27.4% of the balance sheet total. As at 28 February 2025, write-downs of the inventories amount to mEUR 27.4.

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 taking into account assumptions made on the basis of past experience. Based on a sample we took, we verified the appropriateness of the assumptions on the usability of the inventories made by the executive directors taking into account 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 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 group sustainability statement included in the combined management report,
- the disclosures in the section "1.4 Overall assertion on the appropriateness and effectiveness of the internal control and risk management system" in the section "Risk report" of the combined management report,
- the disclosures in the section "2.3 Hidden reserves in real estate assets" in the section "Group business model" of the combined management report,
- the executive directors' confirmations pursuant to Section 297 (2) sentence 4 and Section 315 (1) sentence 5 HGB regarding the consolidated financial statements and the combined management report, and
- all other parts of the annual report,
- but not the consolidated financial statements, not the audited content of the disclosures in 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 Accounting Standards 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 control.

- 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 internal control or these arrangements and measures of the Group.
- 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 Accounting Standards as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- plan and perform the audit of the consolidated financial statements in order to obtain sufficient appropriate audit evidence regarding the financial information of the entities or of the business activities within the Group, which serves as a basis for forming audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and inspection of the audit procedures performed for the purposes 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 98a6ebb780f3db9b518e7fcd6f1086024e0a1b0d3eded6f1509d075a884894e4, 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 2024 to 28 February 2025 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 5 July 2024. We were engaged by the supervisory board on 5 July 2024. We have been the group auditor of HORNBACH Holding AG & Co. KGaA, Neustadt an der Weinstraße/Germany, without interruption since the financial year 2019/20.

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 Marco Koch.

Mannheim/Germany, 15 May 2025

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

Signed:
Marco Koch
Wirtschaftsprüfer
(German Public Auditor)

Signed:
Christina Marquardt
Wirtschaftsprüferin
(German Public Auditor)

TRANSLATION
– German version prevails –

ASSURANCE REPORT OF THE INDEPENDENT GERMAN PUBLIC AUDITOR

ON AN ASSURANCE ENGAGEMENT TO OBTAIN LIMITED AND REASONABLE ASSURANCE IN RELATION TO THE GROUP SUSTAINABILITY STATEMENT INCLUDED IN THE COMBINED MANAGEMENT REPORT

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

Assurance Conclusion and Opinion

We have conducted a limited assurance engagement on the group sustainability statement of HORNBACH Holding AG & Co. KGaA, Neustadt an der Weinstraße/Germany, included in section "Group Sustainability Statement" of the combined management report for the parent and the group, for the financial year from 1 March 2024 to 28 February 2025 (hereafter referred to as "the group sustainability statement"). In addition, 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 [√] in section 1.5 ESG Governance included in the group sustainability statement. The group sustainability statement was prepared to fulfil the requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 (Corporate Sustainability Reporting Directive, CSRD) and Article 8 of Regulation (EU) 2020/852 and Sections 315b and 315c German Commercial Code (HGB) for a consolidated non-financial statement.

The references to information of the Company outside of the combined management report are not subject to our assurance engagement.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the accompanying group sustainability statement is not prepared, in all material respects, in accordance with the requirements of the CSRD and Article 8 of Regulation (EU) 2020/852, Sections 315b and 315c HGB for a consolidated non-financial statement, and the specifying criteria presented by the executive directors of the Company. This assurance conclusion includes that nothing has come to our attention that causes us to believe

- that the accompanying group sustainability statement does not comply, in all material respects, with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the entity to identify information to be included in the group sustainability statement (the materiality assessment) is not, in all material respects, in accordance with the description set out in section 1.3.1. Materiality Assessment of the group sustainability statement, or
- that the disclosures in the group sustainability statement do not comply, in all material respects, with Article 8 of Regulation (EU) 2020/852.

In addition, based on the procedures performed and the evidence obtained, the disclosures subject to a reasonable assurance engagement comply, in all respects material to the group sustainability statement, with the requirements of the CSRD and of Sections 315b and 315c in conjunction with 289c to 289e HGB for a consolidated non-financial statement, and the specifying criteria presented by the executive directors of the Company.

We do not express an assurance conclusion or assurance opinion on individual disclosures.

Furthermore, we do not express an assurance conclusion on the above-mentioned parts of the group sustainability statement that were not covered by our assurance engagement.

Basis for the Assurance Conclusion and Opinion

We conducted our assurance engagement 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 International Auditing and Assurance Standards Board (IAASB).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in section "German Public Auditor's Responsibilities for the Assurance Engagement on the Group Sustainability Statement".

We are independent of the entity 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. Our audit firm has applied the requirements of the IDW Quality Management Standards. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion and opinion.

Responsibilities of the Executive Directors and the Supervisory Board for the Group Sustainability Statement

The executive directors are responsible for the preparation of the group sustainability statement in accordance with the requirements of the CSRD and the applicable German legal and other European requirements as well as with the specifying criteria presented by the executive directors of the Company and for designing, implementing and maintaining such internal control as they have considered necessary to enable the preparation of a group sustainability statement in accordance with these requirements that is free from material misstatement, whether due to fraud (i.e. fraudulent reporting in the group sustainability statement) or error.

This responsibility of the executive directors includes establishing and maintaining the materiality assessment process, selecting and applying appropriate reporting policies for preparing the group sustainability statement as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The supervisory board is responsible for overseeing the process for the preparation of the group sustainability statement.

Inherent Limitations in Preparing the Group Sustainability Statement

The CSRD and the applicable German legal and other European requirements contain wording and terms that are subject to considerable interpretation uncertainties and for which no authoritative comprehensive interpretations have yet been published. The executive directors have disclosed interpretations of such wording and terms in the group sustainability statement. The executive directors are responsible for the reasonableness of these interpretations. As such wording and terms may be interpreted differently by regulators or courts, the legality of measurements or evaluations of the sustainability matters based on these interpretations is uncertain. The quantification of non-financial performance indicators disclosed in the group sustainability statement is also subject to inherent uncertainties.

These inherent limitations also affect the assurance engagement on the group sustainability statement.

German Public Auditor's Responsibilities for the Assurance Engagement on the Group Sustainability Statement

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the group sustainability statement has not been prepared, in all material respects, in accordance with the CSRD, the applicable German legal and other European requirements and the specifying criteria presented by the executive directors of the Company.

In addition, our objective is to express a reasonable assurance opinion, based on the assurance engagement we have conducted, on whether the concerned disclosures of the group sustainability statement are prepared, in all respects material to the group sustainability statement, in accordance with the CSRD, the applicable German legal and other European requirements and the specifying criteria presented by the executive directors of the Company.

Furthermore, our objective is to issue an assurance report that includes our assurance conclusion and opinion on the group sustainability statement.

As part of a limited and reasonable assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgement and maintain professional scepticism. We also

- obtain an understanding of the process used to prepare the group sustainability statement, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the group sustainability statement.
- identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. In respect of the disclosures subject to a reasonable assurance engagement, we identify and assess the risks of material misstatement due to fraud or error, and design and perform procedures to address these risks and obtain reasonable assurance for our assurance opinion. 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 control. In addition, the risk of not detecting a material misstatement in information obtained from sources not within the entity's control (value chain information) is ordinarily higher than the risk of not detecting a material misstatement in information obtained from sources within the entity's control, as both the entity's executive directors and we as practitioners are ordinarily subject to restrictions on direct access to the sources of the value chain information.
- consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

Summary of the Procedures Performed by the German Public Auditor

A limited and reasonable assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgement.

In performing our limited assurance engagement, we

- evaluated the suitability of the criteria as a whole presented by the executive directors in the group sustainability statement.
- inquired of the executive directors and relevant employees involved in the preparation of the group sustainability statement about the preparation process, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the group sustainability statement, and about the internal controls related to this process.

- evaluated the reporting policies used by the executive directors to prepare the group sustainability statement.
- evaluated the reasonableness of the estimates and related information provided by the executive directors. If, in accordance with the ESRS, the executive directors estimate the value chain information to be reported for a case in which the executive directors are unable to obtain the information from the value chain despite making reasonable efforts, our assurance engagement is limited to evaluating whether the executive directors have undertaken these estimates in accordance with the ESRS and assessing the reasonableness of these estimates, but does not include identifying information in the value chain that the executive directors were unable to obtain.
- performed analytical procedures or tests of details and made inquiries in relation to selected information in the group sustainability statement.
- considered the presentation of the information in the group sustainability statement.
- considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the group sustainability statement.

In performing our reasonable assurance engagement, we also

- obtained an understanding of internal controls also for control activities and monitoring of internal controls.
- conducted a test of design and implementation for controls relevant to the assurance engagement.
- intensified substantive procedures for obtaining reasonable assurance.
- conducted additional procedures to ascertain the estimates made by the executive directors.

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)" dated 1 January 2024 of the Institut der Wirtschaftsprüfer (IDW)). 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 than the aforementioned purpose. Accordingly, the report is not intended to be used by third parties as a basis for making (financial) decisions.

Our responsibility is to the Company alone. We do not accept any responsibility to third parties. Our assurance conclusion and opinion are not modified in this respect.

Mannheim/Germany, 15 May 2025

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed:
Marco Koch
Wirtschaftsprüfer
(German Public Auditor)

Signed:
Christina Marquardt
Wirtschaftsprüferin
(German Public Auditor)

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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/