



The spoken word has precedence.

**Presentation to Shareholders
at the Annual General Meeting of
HORNBAACH Holding AG & Co. KGaA**

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the General Partner of
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Landau (Pfalz)
Friday, July 5, 2024

Dear Shareholders,

Dear Ladies and Gentlemen,

Dear Colleagues,

I would like welcome you very warmly to the Jugendstil-Festhalle here in Landau for the 2024 Annual General Meeting of HORNBACH Holding AG & Co. KGaA.

Thank you, Dr. Feldmann, for your words of introduction.

In my comments, I will talk to you about the main developments at the HORNBACH Group in the 2023/24 financial year. And I will give you some insights into the figures for the first quarter of the 2024/25 financial year and comment on our forecast.

Ladies and Gentlemen,

Even if the 2023/24 financial year presented numerous challenges, I would like to establish right at the start that we at HORNBACH view the development of our company with great optimism and confidence. We are on course and can report solid key figures. And I would note that we concluded the past financial year in line with our sales and earnings guidance.

In the period from March 1, 2023 to February 29, 2024, the HORNBACH Group generated net sales of Euro 6.2 billion, equivalent to just a slight reduction of 1.6 percent compared with the previous year. Of sales, 51 percent were generated in Germany and the remaining 49 percent in the eight other European countries in which we operate.

I would like to base our consideration of the company's performance on a slightly longer timeframe. As a family-managed retail company, that is also how we think and plan. And this way, we see a very pleasing picture, one which shows how our Group of companies posted a thoroughly positive development over the past five years. I would remind you that in the 2019/20 financial year the HORNBACH Group generated total net sales of Euro 4.7 billion. Back then, before the pandemic, that was a real record year in both sales and earnings.

Adjusted EBIT stood at Euro 227 million in 2019/20. Today, by which I mean the 2023/24 financial year, it stands at Euro 254 million that is 12 percent above. And we achieved this despite the inflation which set in with the war in Ukraine. This impacted on our gross margin, and thus also on our EBIT, which decreased year-on-year by 12 percent.

The fact is that, in times of rising prices, retail companies need to be in good shape. That is because procurement prices rise first, before higher retail prices become established in the market. And we are in very good shape in this respect.

In view of these factors, I am firmly convinced that the current share price of HORNBAACH Holding does not reflect our earnings strength and the company's positive actual performance. And here I would refer in particular to our popularity among customers and the earnings we have generated on that basis in the past five years, as well as to our ongoing expansion and our distribution policy.

As a retail company these days, you can only plan on the basis of long-term value creation. Long-term thinking and planning pay off. And that is what we do. We intend to continue growing successfully in the European market in the long term as well – with new stores, new digital offerings, and new services.

Before I turn to further key performance figures of the HORNBAACH Group, I would like to thank all my colleagues very warmly for their commitment. Those are the 24,783 people who were employed at our company at the reporting date on February 29, 2024.

It is clear to us all that the past financial year was a challenge. And the current financial year will also place many demands in us. Competition is as tough as ever in the European retail sector. And yet, with their dedication and drive, each and every colleague helps to ensure that we maintain our success in the market.

Speaking of dedication and drive. One thing I keep reading about is the four-day week, and I hear the desire for better ways to combine work with leisure time. That is all understandable. With our successful "Work Made to Measure" model, we have helped meet these needs for quite some time now.

But that is just one side of the coin. The other, and one I see far more often in day-to-day operations at the company, is the enormous commitment shown by so many people. And I would particularly highlight the young people who are doing their vocational training or dual work-and-study program with us. Seeing them makes me very hopeful for the future. What I see is this: a willingness to perform, passion and determination. Colleagues who plan fantastic projects together with customers at our stores and who really enjoy sharing their expertise.

We have created superb conditions for our employees in all our country companies, as is reflected in the high numbers of applications we receive everywhere.

At last year's Annual General Meeting, I reported that we had extended the Boards of Management at HORNBAACH Baumarkt AG and HORNBAACH Management AG. Today, I can tell you that the members who newly joined these Boards are working even more closely on HORNBAACH's strategic further development. I am delighted by that, and it is a good sign for the future. Here too, we are well on course.

In December 2023, the Supervisory Board of HORNBAACH Baumarkt AG extended the contract with Karsten Kühn, a longstanding member of our Board of Management, through to September 2029. As Labor Director, Karsten Kühn promoted the "Work Made to Measure" concept and, in the field of marketing, he has received great recognition for attention-grabbing communication campaigns.

Ladies and Gentlemen,

If we examine the key performance figures of our Group of companies in the 2023/24 financial year then we can recognize the impact of the transformation our economy is currently undergoing. That process is underway across the whole of Europe and has also not simply left our company unaffected.

With sales of Euro 2,823 per square meter, HORNBAACH Baumarkt AG remains in pole position when it comes to surface productivity.

And we can see a similarly pleasing picture in terms of our market shares. In the 2023 calendar year, HORNBAACH's market share stood at 36.2 percent in Czechia, 27.1 percent in the Netherlands, 17.3 percent in Austria, and 14.9 percent here in Germany.

In terms of our like-for-like sales growth, we were very significantly ahead of the figures for the German DIY sector.

We opened a new, state-of-the-art DIY store and garden center in Nijmegen in the Netherlands in July 2023. And in spring 2024, we began work on building new stores in Duisburg and Nuremberg. These are expected to be completed and opened by the middle of 2025. Overall, we currently operate a total of 169 DIY megastores and garden centers and online shops in nine European countries. Under the BODENHAUS brand, we continue to operate two specialist stores for hard flooring products, as well as an online shop.

As you know, we combine our stationary business with online shops in all countries in which we operate. This way, we offer multichannel DIY retail. Thanks to the seamless dovetailing of the app and the online shops with the stores, customers are free to choose how, where, and when to make their purchases. Our interconnected retail strategy helps to increase the productivity of our stores.

The online business accounted for 12.7 percent of our sales in the past financial year. Just to compare: The sector average is at around 5 percent. Here too, we are clearly outperforming the market and are well ahead of pre-pandemic levels.

Since the fall of 2023, we have extended our online shop in Germany to include a marketplace. This supplements what is already a very extensive product range with further DIY products. We like to refer to this as a curated selection consistent with our alignment as a project DIY store for professional and private customers.

Adding the marketplace is therefore a highly targeted step to expand our product range for those project customers who have special needs and look for solutions in our web shop.

Speaking of special needs, demographic developments in our society also harbor numerous opportunities. One such topic is barrier-free construction, an area we have already long addressed.

One good opportunity arose here in December 2023. Seniovo, an innovative start-up from Berlin and the German market leader for serial senior-friendly bathroom conversions, became part of the HORNBACH Group. This acquisition supplements the numerous services that we already offer to our customers in ways that make sense. Not least, it is a worthwhile addition to our trade service.

To make investments such as Seniovo, as well as in the ongoing process of digitalization, you need a strong cash flow. In the next part of my presentation, I would like to show you how our cash flow developed.

Here, we can see substantial improvements compared with the previous year. The inflow of funds from operating activities rose to Euro 455 million. This was driven in particular by the change of Euro 94 million in working capital, reflecting the planned reduction in inventories. At around Euro 193 million, our gross capital expenditure was at roughly the same level as in the 2022/23 financial year. After our investment and financing activities and our dividends, our free cash flow stands at Euro 232 million, thus successfully maintaining the growth in this key figure seen in the past two years.

We can present you with a strong balance sheet structure this year as well. As of February 29, 2024, we reported total assets of around Euro 4.5 billion. At 43.5 percent, the equity ratio is ahead of the previous year's figure.

I would like to follow up these comments on developments in the DIY store division by turning to look at HORNBACH Baustoff Union.

Baustoff Union is our specialist trading company that focuses on commercial customers in the main and secondary construction businesses. It operates 38 builders' merchant outlets in southwestern Germany and close to the border in France.

The downturn in business in the construction industry, higher interest rates, and further macroeconomic challenges led sales here to decrease by 9.6 percent. Net sales stood at Euro 381 million in the 2023/24 financial year, accounting for 6 percent of consolidated sales.

Yet if we take a longer view of developments at Baustoff Union, here too we can see a clearly positive picture. Back in the 2019/20 financial year, sales amounted to Euro 299 million. If you compare that with the current figure of Euro 381 million, then you would be right to conclude that things are moving in the right direction.

We attach great priority to enhancing efficiency at Baustoff Union as well. The company is continuing to work on new opportunities offered by digitalization and actively managing its costs.

We also still see good long-term growth opportunities for our specialist trading business given the great need for renovation work, the age structure of very many buildings in Europe, and the EU's plans for climate neutrality.

And to complete this picture of the HORNBACH Group, I would remind you that, together with its subsidiaries and consistent with its business purpose, Hornbach Immobilien AG still owns a major share of the real estate used by HORNBACH Baumarkt AG. This company does not have its own operating business.

Dear Shareholders,

Let us turn now to the dividend.

As you will know, since its IPO Hornbach has paid a dividend each year, and always in an amount at least as high as the previous year's dividend. Supported by the pleasing situation of our Group of companies, I am therefore delighted to propose to you, also on behalf of the Board of Management and of the Supervisory Board of HORNBACH Holding AG, that we should distribute a dividend of Euro 2.40 per share this year as well. This corresponds to a distribution quota of 30.7 percent. This way, we are meeting our commitment to uphold a consistent and stable dividend policy, also in economically challenging times.

Ladies and Gentlemen,

We concluded the first quarter of the 2024/25 financial year at the end of May 2024. And these months present a pleasing picture in terms of our popularity among customers.

Consolidated sales rose by 1.8 percent to Euro 1.8 billion in the first quarter. This growth was driven above all by good weather conditions, lower prices for individual commodities, and a more profitable product mix.

Our adjusted EBIT showed significant growth compared with the previous year's quarter, rising by 33.8 percent to Euro 146 million. This development was due to higher sales in March and April, a significant improvement in the gross margin, and our ongoing cost discipline. Accordingly, earnings per share rose to Euro 5.96 in the first quarter of 2024/25, up from Euro 4.15 in the previous year's quarter.

Having said this: Given poor weather conditions in many of the regions in which we operate at times in May, and in June as well, we have noticed that our private and professional customers are still reserved when it comes to implementing larger-scale projects.

In view of this, we are currently not making any changes to the guidance for HORNBAACH Holding for the 2024/25 financial year as published in May. For the current financial year, we expect to see slight sales growth and adjusted EBIT at or slightly higher than the level reported for the previous financial year.

I would nevertheless stress one point: We are convinced that the decline in inflation and the first interest rate cuts already made in our various currency regions will improve consumer confidence in the medium term and impact positively on our business.

The key pillars of our business are still of enormous relevance to our customers and will gain further significance in the years ahead:

- -the trend to multifunctional living space where people both live and work
- -the energy efficiency refurbishment of existing living space in Europe that is on average more than 20 years old
- -the need to restructure living space along more barrier-free lines given demographic trends in the EU
- -the support we provide to DIY enthusiasts and the way we accompany tradespeople in meeting all customer needs across all our channels.

Ladies and Gentlemen,

I have served this company since 1991. During that time, we have experienced so much and mastered so many challenges. German reunification, the expansion into neighboring countries, and the consistent development of our digital offerings were and are essential for the future operating capacity of our Group. And today corporate social responsibility is one of the most important topics for the future operating capacity of the society we live in, and thus also for us.

We are in the midst of a major transformation, the consequences of which, both positive and negative, are not yet foreseeable. It is a fact that we cannot avoid continually reducing CO₂ emissions. By 2030, we aim for a reduction in Scope 1 and 2 carbon dioxide equivalents on Group level that is compatible with the 1.5-degree target in the Paris Climate Agreement.

In recent years, we already achieved significant energy savings by drawing on smart lighting control and building management technology, as well as by converting nearly all stores and logistics centers to LED lighting.

We significantly expanded our proprietary energy generation with photovoltaics systems in the past financial year. Overall, we now have a Group-wide total of more than 40 photovoltaics systems with a capacity of around 19,000 KWp (kilowatt peak) in operation or construction.

Of these, 34 systems were newly installed in the past financial year. Furthermore, two stores that were previously heated with gas or oil were converted to district heating. Not only that: We are further rolling out the installation of photovoltaics systems at store, logistics, and administration locations.

With regard to our product range, we are working to achieve the greatest possible transparency concerning the origin, contents, and environmental impacts of our products.

We further pressed ahead with the internal labeling of more sustainable products in the article master data. We have compiled a systematic collection of sustainability

attributes and their respective definitions. On this basis, we will assess the sustainability benefits on the level of individual articles.

We are consistently pursuing the objective of putting our customers in the best possible position to account more closely for ecological, health, and social aspects when they make their purchases.

Ladies and Gentlemen,

You will have heard about the terrible events relating to flooding. Such extreme weather events show that we all have to take better care of our planet if we wish to have a future worth living in. And people are the crucial factor here.

In this spirit, I would like to finish by quoting from Johann Wolfgang von Goethe. There are some great lines in his poem "The Divine": "Let those who are noble be helpful and good. Let them tirelessly create..." As you know, we at HORNBAACH share that sentiment but express it slightly differently: There's always a job to be done!

Thank you for your interest!