

HORNBACH Holding AG & Co. KGaA

Neustadt an der Weinstrasse

ISIN DE0006083405

**INVITATION TO THE
ANNUAL GENERAL MEETING**

We hereby invite our shareholders to attend our
Annual General Meeting
to be held at Jugendstil-Festhalle Landau, Mahlastrasse 3,
76829 Landau in der Pfalz, Germany
at 10.00 a.m. (CEST) on Friday, July 7, 2023.

non-binding English convenience translation

HORNBACH.
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Holding

Overview with information pursuant to § 125 of the German Stock Corporation Act (AktG) in conjunction with Table 3 of the Implementing Regulation (EU) 2018/1212 (EU-IR)

A. Specification of the message

Unique identifier of the event	Annual General Meeting 2023 of HORNBAACH Holding AG & Co. KGaA <i>(formal indication pursuant to EU-IR: HBH072023oHV)</i>
Type of message	Notice of Annual General Meeting <i>(formal indication pursuant to EU-IR: NEWM)</i>

B. Specification of the issuer

ISIN	DE0006083405
Name of issuer	HORNBAACH Holding AG & Co. KGaA

C. Specification of general meeting

Date of general meeting	07.07.2023 <i>(formal indication pursuant to EU-IR: 20230707)</i>
Time of general meeting (start)	Start: 10:00 hours CEST <i>(formal indication pursuant to EU-IR: 08:00 UTC)</i>
Type of general meeting	Annual General Meeting <i>(formal indication pursuant to EU-IR: GMET)</i>
Location of general meeting	Jugendstil-Festhalle Landau, Mahlastrasse 3, 76829 Landau in der Pfalz, Germany
Record date	06.16.2023, 00:00 hours CEST <i>(formal indication pursuant to EU-IR: 20230615, 22:00 UTC)</i>
Uniform resource locator of general meeting/URL	www.hornbach-holding.de/en/investor-relations/annual-general-meeting/

Other disclosures

Voting	The votes on Agenda Items 1, 2, 3, 4, 5, 7, 8, 9, and 10 are of a binding nature in each case <i>(formal indication pursuant to EU-IR: BV)</i> The vote on Agenda Item 6 is of an advisory nature <i>(formal indication pursuant to EU-IR: AV)</i>
Alternative voting options	The following voting options are available for each of Agenda Items 1 to 10: vote in favor, vote against, abstention <i>(formal indications pursuant to EU-IR: VF, VA, AB)</i>

Blocks D to F

Further information on

- Participation in general meeting (Block D)
- The agenda (Block E), and
- The specification of the deadlines regarding the exercise of other shareholders' rights (Block F)

can be found on the following website:

www.hornbach-holding.de/en/investor-relations/annual-general-meeting/

I. AGENDA

- 1. Presentation of the annual financial statements and the consolidated financial statements approved by the Supervisory Board for the 2022/2023 financial year, the combined management report for HORNBAACH Holding AG & Co. KGaA and the Group, the report of the Supervisory Board, and the explanatory report of the General Partner in respect of the disclosures made pursuant to § 289a and § 315a of the German Commercial Code (*Handelsgesetzbuch* – HGB); resolution on the adoption of the annual financial statements of HORNBAACH Holding AG & Co. KGaA for the 2022/2023 financial year**

The Supervisory Board has approved the annual financial statements and the consolidated financial statements prepared by the General Partner in accordance with § 171 AktG. Pursuant to § 286 (1) AktG, the Annual General Meeting passes a resolution on the adoption of the annual financial statements. The remaining documents are to be made available to the Annual General Meeting without any further resolution required in this respect.

The General Partner and the Supervisory Board propose the adoption of the annual financial statements in the version presented in which a net profit of € 52,790,289.81 is reported.

- 2. Resolution on the appropriation of net profit for the 2022/2023 financial year**

The General Partner and the Supervisory Board propose to appropriate the net profit reported for the 2022/2023 financial year amounting to
€ 52,790,289.81
as follows:

Distribution of a dividend of € 2.40 per no-par ordinary share	€ 38,383,500.00
Balance carried forward	€ 14,406,789.81

The proposal in respect of the appropriation of net profit is based on the existing number of no-par ordinary shares with dividend entitlement at the time at which the General Partner and Supervisory Board adopted the proposal. Should the number of no-par ordinary shares with dividend entitlement change before the time at which the Annual General Meeting adopts its resolution, a suitably amended proposal in respect of the appropriation of net profit will be submitted for resolution by the Annual General Meeting; this will still provide for a dividend of € 2.40 per no-par ordinary share with dividend entitlement and a correspondingly adjusted balance carried forward. The resolution adopted will therefore still utilize net profit in its entirety. The company currently holds 6,875 treasury stocks which do not have dividend entitlement.

- 3. Resolution on approval of General Partner's actions in the 2022/2023 financial year**

The General Partner and Supervisory Board propose that the actions of the General Partner in the 2022/2023 financial year be approved for this period.

- 4. Resolution on approval of Supervisory Board members' actions in the 2022/2023 financial year**

The General Partner and Supervisory Board propose that the actions of the members of the Supervisory Board in the 2022/2023 financial year be approved for this period.

- 5. Election of auditor and Group auditor for the 2023/2024 financial year and of auditor for the audit review of the half-year financial report for the 2023/2024 financial year**

Based on the recommendation made by the Audit Committee, the Supervisory Board proposes that Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, should be elected as auditor and Group auditor for the 2023/2024 financial year and as auditor for the audit review of the condensed interim consolidated financial statements and interim management report for the first half of the 2023/2024 financial year pursuant to § 115 (5) and § 117 No. 2 of the German Securities Trading Act (*Wertpapierhandelsgesetz* – WpHG).

The Audit Committee declared that its recommendation was free of undue influence by third parties and that no clauses restricting its selection of the type referred to in Article 16 (6) of the EU Audit Regulation had been imposed.

6. Resolution on approval of remuneration report

Pursuant to § 278 (3) and § 162 of the German Stock Corporation Act (*Aktiengesetz* – AktG) in the version of this act adopted to implement the Second Shareholder Rights Directive (ARUG II), the General Partner and the Supervisory Board are required to prepare a remuneration report and to submit this to the Annual General Meeting for approval pursuant to § 278 (3) and § 120a (4) AktG. As § 162 AktG only refers to the remuneration of members of the Board of Management and Supervisory Board and as the company does not have a Board of Management, the company believes that the remuneration report could be limited to presenting the remuneration of the Supervisory Board. In the interests of transparency, however, the remuneration report also presents the remuneration of the Board of Management and the Supervisory Board of the General Partner.

The remuneration report has been audited by the auditor pursuant to § 162 (3) AktG to ascertain whether the legally required disclosures pursuant to § 162 (1) and (2) AktG have been made. The audit opinion on the audit of the remuneration report is appended to the remuneration report.

The General Partner and Supervisory Board propose the approval of the remuneration report for the 2022/2023 financial year, which has been prepared and audited in accordance with § 278 (3) and § 162 AktG.

The remuneration report is presented in Section II.1. and can also be viewed at our website at www.hornbach-holding.de/en/company/corporate-governance/remuneration-report/ from the date on which the Annual General Meeting is convened. The remuneration report will also be available for inspection during the Annual General Meeting.

7. Elections to Supervisory Board

The terms in office of all Supervisory Board members elected as shareholder representatives expires upon the conclusion of the Annual General Meeting on July 7, 2023.

Pursuant to § 96 (1) AktG in conjunction with § 9 (1) of the company's Articles of Association, the Supervisory Board consists of six members who, in accordance with § 101 AktG, are elected by the Annual General Meeting.

Based on a corresponding proposal submitted by its Nomination Committee, the Supervisory Board proposes that the persons listed below under 7.1 to 7.6 should be elected to the company's Supervisory Board as of the conclusion of the Annual General Meeting. Pursuant to § 9 (2) of the Articles of Association, these individuals should be elected for the period through to the conclusion of the Annual General Meeting adopting a resolution to approve the actions of the Supervisory Board for the fourth financial year after the beginning of the term of office, not counting the year in which the term in office begins:

- 7.1 Dr. John Feldmann, Former Executive Board member of BASF SE, Ludwigshafen, resident in Mannheim;
- 7.2. Martin Hornbach, Managing Partner of Corivus Gruppe GmbH, Neustadt/Weinstrasse, resident in Neustadt/Weinstrasse;
- 7.3. Simone Krah, (Managing) President of MMM-Club e.V., Wettenberg, resident in Wehrheim;
- 7.4 Simona Scarpaleggia, Member of the Consiglio di Amministrazione der GVS S.p.A., Bologna (Italy), resident in Zurich (Switzerland);
- 7.5 Vanessa Stütze, CEO of Luqom Group, Berlin, resident in Düsseldorf;
- 7.6 Melanie Thomann-Bopp, Managing Director of Nolte Küchen GmbH & Co. KG and Express Küchen GmbH & Co. KG, Löhne, resident in Münster.

It is intended to hold the election of Supervisory Board members on an individual basis.

Dr. John Feldmann is to be proposed as the candidate for Chair of the Supervisory Board.

The proposals take due account of the objectives adopted by the Supervisory Board on December 21, 2022 in respect of its composition and endeavor to comply with the skills and expertise profile adopted for the Supervisory Board as a whole.

The following information is provided in respect of Recommendation C.13 of the German Corporate Governance Code in its version dated April 28, 2022: Based on the Supervisory Board's assessment, the candidates hereby proposed have the following personal and/or business relations with the company, the governing bodies of the company, and any shareholder with a material interest in the company, the disclosure of which is recommended:

- | | | |
|------|-----------------------|--|
| 7.1 | Dr. John Feldmann: | None |
| 7.2 | Martin Hornbach: | |
| | a. Personal relations | |
| | - | Second cousin of CEO Albrecht Hornbach |
| | b. Business relations | |
| | - | Co-director of Hornbach Familien-Treuhandgesellschaft mbH, Annweiler, which pools and represents 6,000,000 ordinary shares (37.5%) of the voting capital in HORNBACK Holding AG & Co. KGaA and owns 100% of the shares in HORNBACK Management AG (General Partner of HORNBACK Holding AG & Co. KGaA. |
| 7.3 | Simone Krah: | None |
| 7.4 | Simona Scarpaleggia: | None |
| 7.5. | Vanessa Stütze: | None |
| 7.6. | Melanie Thomann-Bopp: | None |

The CVs of the candidates hereby proposed are provided in Section II.2 of this invitation.

8. Resolution on remuneration of Supervisory Board members (simultaneously approval of remuneration system for Supervisory Board members)

The current remuneration provisions for members of the Supervisory Board of HORNBACK Holding AG & Co. KGaA are laid down in § 17 of the Articles of Association of HORNBACK Holding AG & Co. KGaA. These were most recently approved by the Annual General Meeting on July 10, 2020.

Having reviewed these provisions in detail, the General Partner and Supervisory Board have concluded that the current level of remuneration no longer conforms to market practice or the requirements and expectations placed in the activities of the Supervisory Board of HORNBACK Holding AG & Co. KGaA. To do justice to the increased requirements and expectations placed in Supervisory Board activities, the remuneration of– and thus also the remuneration system for – Supervisory Board members is to be reformulated.

The following provisions are envisaged: Supervisory Board members should receive fixed annual remuneration of € 40,000. The Supervisory Board Chair should receive twice and the Deputy Chair one-and-a-half times this remuneration. Supervisory Board members also sitting on a Supervisory Board committee should receive additional fixed committee remuneration, amounting to € 18,000 for the Audit Committee and to € 8,000 for each other committee. Supervisory Board members chairing a Supervisory Board committee receive twice the respective committee membership remuneration.

The new provisions should be applicable from March 1, 2023. The remuneration system for members of the Supervisory Board is presented in Section II.3.

The General Partner and Supervisory Board propose the adoption of the following resolution:

a) § 17 of the Articles of Association shall be reformulated as follows:

“§ 17
Supervisory Board Remuneration

(1) In addition to the reimbursement of his or her expenses, each Supervisory Board member receives fixed remuneration of € 40,000 payable retrospectively on the day after the Annual General Meeting adopting the annual financial statements for the respective financial year. The Chair receives twice and the Deputy Chair one-and-a-half times the fixed remuneration. Supervisory Board members also sitting on a Supervisory Board committee receive additional fixed committee remuneration, amounting to € 18,000 for the Audit Committee and to € 8,000 for each other committee, retrospectively payable together with the fixed remuneration pursuant to Sentence 1. Supervisory Board members chairing a Supervisory Board committee receive twice the respective committee membership remuneration.

(2) Supervisory Board members only sitting on the Supervisory Board for part of a financial year receive proportionately lower remuneration on a pro rata temporis basis. Corresponding provisions apply for remuneration pursuant to Paragraph 1, Sentence 2 and fixed committee membership remuneration pursuant to Paragraph 1, Sentences 3 and 4 should the respective member retire from the Supervisory Board, or from the respective function while remaining in the Supervisory Board.

(3) Sales tax is refunded by the company to the extent that Supervisory Board members are entitled to charge the company separately for sales tax and exercise this right. Furthermore, the company pays or reimburses the Supervisory Board member for any employer contributions to social insurance incurred under foreign legislation due to the member's activity on the Supervisory Board.

(4) To protect its interests, the company maintains an appropriate financial loss liability insurance policy for its directors, officers, and senior management. This policy also covers Supervisory Board members, who are co-insured at the company's expense.”

b) Upon entry in the Commercial Register, the amendments to the Articles of Association presented under a) shall replace the current provisions and shall be applicable for the first time in the financial year beginning on March 1, 2023.

c) The remuneration system underlying the remuneration presented under a), which is described in detail in II.3 subsequent to the agenda, shall be approved.”

9. Resolution granting an authorization to issue convertible and/or warrant bonds with the option of excluding subscription rights, the creation of conditional capital (Conditional Capital 2023/I), and corresponding amendments to the Articles of Association

An appropriate capital base and flexible financing opportunities form an important basis for the company's further development and its successful capital market presence. By issuing convertible and/or option bonds, the company may, depending on market circumstances and its financing needs, be able to draw on attractive financing opportunities with comparatively low interest rates in order, for example, to obtain debt capital for the company on favorable terms. Furthermore, issuing convertible and/or option bonds may enable the company to access new groups of investors. Moreover, the company stands to benefit from the conversion and/or option premiums. This being so, the General Partner and the Supervisory Board deem it expedient to enable the company to issue convertible and/or warrant bonds and, if applicable, also to exclude shareholders' subscription rights.

This authorization is to be added to Authorized Capital 2021, which is documented in § 4 (3) of the company's Articles of Association and which authorizes the General Partner until July 7, 2026, subject to approval by the Supervisory Board, to increase the company's share capital in full or in part, on one or several occasions, by a total amount of up to € 9,600,000.00 by issuing up to 3,200,000 new individual bearer shares in return for cash contributions or contributions in kind and to exclude

shareholders' subscription rights in specified cases. In respect of Authorized Capital 2021, the General Partner has additionally undertaken only to increase the company's share capital to the exclusion of shareholders' subscription rights to the extent that the total number of shares issued to the exclusion of shareholders' subscription rights on the basis of Authorized Capital 2021 does not exceed an imputed share of 10% of share capital, either at the time at which Authorized Capital 2021 becomes effective or at the time at which Authorized Capital 2021 is utilized. This 10% limit also includes other shares in the company that are disposed of or issued to the exclusion of shareholders' subscription rights during the term of Authorized Capital 2021 or which require issuing to the exclusion of shareholders' subscription rights as a result of bonds to be issued subsequent to July 8, 2021. The inclusion of a corresponding requirement in the authorization proposed in this Agenda Item 9, which ensures that shares directly or indirectly issued on the basis of these two authorizations are mutually imputed, means that shareholders will be appropriately protected against dilution of their shareholdings, also if the authorization hereby proposed is approved.

The General Partner and Supervisory Board therefore propose the adoption of the following resolution:

9.1 Authorization to issue convertible and/or warrant bonds with authorization to exclude subscription rights

a) Authorization period, nominal amount, term, amount of share capital

The General Partner is authorized in the period up to (and including) July 6, 2028, subject to approval by the Supervisory Board, to issue bearer convertible bonds or warrant bonds (hereinafter collectively "**bonds**") on one or several occasions and with or without limited terms up to a total nominal amount of € 250,000,000.00 and to confer or impose conversion and/or option rights and/or conversion obligations on the bearers or creditors of the bonds to subscribe to a total of up to 1,600,000 new no-par bearer shares in the company with a prorated share of share capital amounting to a total of up to € 4,800,000.00 (corresponding to 10% of current share capital) in accordance with the more detailed stipulations set out in the terms and conditions of the bonds (hereinafter collectively "**bond conditions**"). The bonds may also be furnished with a variable return which may be fully or partly linked to the level of dividend paid by the company.

The aggregate total of shares that may or must be issued to satisfy conversion and/or option rights or meet conversion obligations from Conditional Capital 2023/I as a result of the issuing of bonds and of shares issued during the term of this authorization by drawing on authorized capital (in particular Authorized Capital 2021) or otherwise may not – even if subscription rights are granted to shareholders upon the issuing of bonds or shares – exceed a total amount of share capital of € 9,600,000.00 (corresponding to 20% of current share capital) either at the time at which this authorization becomes effective or at the time at which it is utilized (mutual imputation).

Bonds may only be issued in return for cash payments. As well as in euros, they may also be issued in the legal currency of any OECD country, with the amount being limited to the equivalent euro amount. Bonds may also be issued by a domestic or foreign company in which the company directly or indirectly holds a majority of the votes and capital (hereinafter "**majority shareholding**"); in this case, the General Partner is authorized, subject to approval by the Supervisory Board, to assume a guarantee on behalf of the issuing majority shareholding to cover repayment of the bonds and to furnish bearers or creditors of such bonds with conversion and/or option rights to shares in the company, to meet conversion obligations into shares in the company, and to submit the further declarations and perform the further actions required for a successful issue.

An issue of bonds may be subdivided into partial-bonds with equal rights.

b) Conversion rights, conversion obligations

Should bonds be issued with conversion rights, the bearers or creditors of the partial bonds are entitled to convert these into shares in the company in accordance with the more detailed terms set out in the bond conditions. The bond conditions may also stipulate a conversion obligation at the end of the term or another point in time that may also depend on a future event that is still uncertain at the time at which the bonds are issued.

The conversion ratio is obtained by dividing the nominal amount of a partial bond by the conversion price stipulated for a share in the company. The conversion ratio may also be obtained by dividing the issue amount of a partial bond, should this be lower than the nominal amount, by the conversion price stipulated for a share in the company. It may be stipulated that the conversion ratio is variable, and in particular that it is set within a fixed range depending on the performance of the company's share price during the term of the bond and/or may be amended as a result of anti-dilution requirements pursuant to e). The bond terms may further stipulate that the conversion ratio is to be rounded up or down to a whole number (or to a decimal place to be stipulated); moreover, a supplementary payment to be made in cash may be stipulated. Should conversion rights to fractions of shares arise, it may be stipulated that such fractions are settled in cash or combined in such a way that conversion rights to subscribe whole shares arise, where applicable in return for a supplementary payment.

The prorated amount of share capital attributable to shares to be issued upon conversion of each partial bond may not exceed the nominal amount of the partial bond or the issue amount of the partial bond, should this be lower than the nominal amount. The requirements of § 9 (1) AktG and § 199 AktG will not be affected by this provision.

c) Option right

Should bonds be issued with option rights, one or more warrants will be added to each partial bond which entitle the bearers or creditors to subscribe shares in the company in accordance with the more detailed terms of the bond conditions. It may also be stipulated that the option price is variable, and in particular that it is set within a fixed range depending on the performance of the company's share price during the term of the warrant bond and/or may be amended as a result of anti-dilution requirements pursuant to e).

The bond terms may also stipulate that the option price may be fully or partly settled by transferring partial bonds and, where applicable, with a supplementary cash payment. In this case, the subscription ratio is obtained by dividing the nominal amount of a partial bond by the option price for a share in the company. Furthermore, the subscription ratio may also be obtained by dividing the issue amount of a partial bond, should this be lower than the nominal amount, by the option price stipulated for a share in the company. The bond terms may further stipulate that the conversion ratio is to be rounded up or down to a whole number (or to a decimal place to be stipulated); moreover, a supplementary payment to be made in cash may be stipulated. Should subscription rights to fractions of shares arise, it may be stipulated that such fractions are settled in cash or combined in such a way that subscription rights to subscribe whole shares arise, where applicable in return for a supplementary payment.

The prorated amount of capital attributable to the company shares to be subscribed for each partial bond may not exceed the nominal amount of the partial bond, or the issue amount of the partial bond, should this be lower than the nominal amount. The requirements of § 9 (1) AktG and § 199 AktG will not be affected by this provision. The term of the option right may not exceed the term of the bond.

d) Tender rights, granting of treasury stock, cash settlement

The bond terms may entitle the company to grant shares in the company or of another listed company to creditors of the bond as a full or partial substitute for payment of the due cash amount upon final maturity of the bonds (including maturity due to termination).

The bond terms of bonds which grant or involve a conversion right, conversion obligation, and/or option right may also stipulate or entitle the company to provide conversion or option beneficiaries or the parties with conversion obligations with treasury stock in the company or of another listed company upon conversion or the exercising of options as a full or partial substitute for granting new shares; alternatively, it may satisfy all or part of its obligation by making a cash payment corresponding to the equivalent value of the shares in accordance with the more detailed terms of the bond conditions. The requirements of § 9 (1) AktG and § 199 AktG will not be affected by this provision.

e) Conversion/option price, anti-dilution provisions

The conversion or option price must – also for variable conversion or option prices – amount to at least 80% of the company's average share price in XETRA trading (or a comparable successor system) during the respective periods stated below:

- Should the bonds not be offered for subscription by shareholders, the average price on the ten trading days on the Frankfurt Stock Exchange preceding the date of the resolution adopted by the General Partner in respect of issuing the bond (date of final decision in respect of submitting an offer to subscribe bonds or declaration of acceptance following a call to submit subscription tenders) will be definitive.
- Should the bonds be offered for subscription by shareholders, the average price on the ten trading days on the Frankfurt Stock Exchange preceding the date on which the subscription period is announced pursuant to § 186 (2) Sentence 1 AktG will be definitive; if the final conditions for issuing bonds pursuant to § 186 (2) Sentence 2 AktG are only announced during the subscription period, then the average price on the trading days on the Frankfurt Stock Exchange from the beginning of the subscription period through to the day before the announcement of the final conditions will be definitive.

Diverging from this, should conversion obligations or tender rights apply then in accordance with the more detailed terms of the bond conditions a conversion or option price may also be stipulated that corresponds to the company's average share price in XETRA trading (or a comparable successor system) on the ten trading days on the Frankfurt Stock Exchange preceding or following the date of final maturity or preceding or following the date of mandatory conversion or of the tender right, even if this average price falls short of the aforementioned minimum price (80%).

The average price is to be calculated in each case as the arithmetic mean of the closing auction prices on the respective stock market trading days. Should no closing auction be held, the closing auction price is replaced by the price determined in the most recent auction on a stock market trading day and, absent any auction, the most recent price determined on a stock market trading day (in each case in XETRA trading or a comparable successor system).

Irrespective of the requirements of § 9 (1) AktG, due to an anti-dilution clause intended to safeguard the economic value of the conversion and/or option rights or conversion obligations in accordance with the more detailed terms of the bond conditions, the conversion or option price may be reduced in cases in which the company increases its share capital during the conversion or option period while granting subscription rights to its shareholders, or the company or a majority shareholding issues further bonds with conversion or option rights or conversion obligations while granting subscription rights to company shareholders, or the company grants other option rights and does not grant subscription rights to the bearers of conversion and/or option rights to the extent to which they would be entitled having exercised their conversion or option rights or met their conversion obligation. The reduction in the conversion or option price may also be achieved by making a cash payment upon the exercising of conversion or options rights or fulfillment of conversion obligations or by reducing any supplementary payment. Furthermore, in the event of a capital reduction, other capital or restructuring measures, or other exceptional measures or events that may lead to a dilution in the value of the company's issued shares, the bond terms may provide for an adjustment to be made to the conversion and/or option rights or conversion obligations

in order to protect their value. Furthermore, in the event of third parties gaining control the option and conversion price may be adjusted and the term reduced in line with customary market practice.

In all cases, the prorated amount of share capital attributable to the company shares to be subscribed per partial bond may not exceed the nominal amount or the issue amount of the partial bond, should this be lower than the nominal amount.

f) Subscription rights, exclusion of subscription rights

Shareholders are generally entitled to statutory subscription rights upon the issue of bonds. The bonds may be taken over in full or in part by one or several banks or members of a consortium of banks or of companies deemed equivalent pursuant to § 186 (5) AktG with the obligation to offer these to shareholders for subscription. Should the bonds be issued by a majority shareholding, the company is obliged to ensure that statutory subscription rights are granted to shareholders. The General Partner is nevertheless authorized, subject to approval by the Supervisory Board, to exclude shareholders' subscription rights in full or in part and on one or several occasions in accordance with the more detailed conditions set out below:

- To avoid any residual amounts;
- With corresponding application of § 186 (3) Sentence 4 AktG to the extent that the bonds are issued in return for cash contributions and, following due examination, the General Partner concludes that the issue price does not fall materially short of the theoretical market value of the bonds with conversion or option rights or conversion obligations determined on the basis of recognized, and in particular mathematical principles. However, this authorization to exclude subscription rights for bonds with conversion and/or option rights or conversion obligations only applies to shares for which the total attributable prorated share of share capital does not exceed 10% either at the time at which this authorization becomes effective or at which it is exercised. Shares issued or sold with direct or corresponding application of § 186 (3) Sentence 4 AktG during the term of this authorization through to the time at which it is exercised are imputed to this 10% limit of share capital. Shares that may or must be issued by the company to satisfy conversion or option rights or to meet conversion or option obligations (or a combination of these instruments) are also imputed provided that such bonds conferring corresponding conversion or option rights or imposing corresponding conversion obligations are issued to the exclusion of shareholders' subscription rights during the term of this authorization through to the time that it is exercised with corresponding application of § 186 (3) Sentence 4 AktG.
- To the extent required to grant subscription rights to bearers or creditors of conversion and/or option rights and/or bearers or creditors of bonds involving conversion obligations that are or are to be issued by the company, or by a domestic or foreign company in which the company directly or indirectly holds a majority of the votes and capital, to the extent to which they would be entitled having exercised their conversion and/or option rights or met their conversion obligations.

Including shares issued to the exclusion of shareholders' subscription rights during the term of this authorization by drawing on authorized capital (in particular Authorized Capital 2021) or otherwise, the aggregate total of shares that are, may, or must be issued to the exclusion of shareholders' subscription rights to satisfy conversion and/or option rights or meet conversion obligations may not exceed an amount of share capital totaling € 4,800,000.00 (corresponding to 10% of existing share capital) either at the time at which this authorization becomes effective or at the time at which it is utilized (mutual imputation).

Unless they are excluded by the aforementioned conditions, shareholders' subscription rights may, where so determined by the General Partner with the approval of the Supervisory Board, also be granted by way of indirect subscription rights pursuant to § 186 (5) AktG or partly by way of direct subscription rights (such as to shareholders entitled to subscribe who submit a confirmed acquisition declaration in advance) and otherwise by way of indirect subscription rights pursuant to § 186 (5) AktG.

g) Authorization to stipulate further bond conditions

Taking due account of the aforementioned requirements, the General Partner is authorized, subject to approval by the Supervisory Board, to stipulate the precise calculation of the exact option or conversion price and further details concerning the issue and feature of the bonds and, to stipulate such in agreement with the governing bodies of the majority shareholding issuing the bond, and in particular the coupon, issue amount, distribution entitlement, term and denomination, subscription and conversion ratio, supplementary cash payment requirement, anti-dilution requirements, settlement or combination of residual amounts, conversion and option period, cash payment instead of granting of shares, and granting existing shares instead of issuing new shares.

9.2 Creation of Conditional Capital 2023/I

The company's share capital is to be conditionally increased by up to € 4,800,000.00 by issuing up to 1,600,000 new, no-par bearer shares (Conditional Capital 2023/I). This conditional capital increase serves to grant shares to the bearers or creditors of convertible and/or warrant bonds that are issued on the basis of the authorization provided by resolution of the Annual General Meeting on July 7, 2023 under Agenda Item 9 by the company or a domestic or foreign company in which the company directly or indirectly holds a majority of the votes and capital in the period up to (and including) July 6, 2028. The conditional capital increase will only be executed to the extent that option or conversion rights resulting from the aforementioned bonds are utilized or the conversion obligations from such bonds are met and only to the extent that other means are not drawn on to satisfy the resultant obligations. New shares will be issued at the option or conversion price to be stipulated in each case on the basis of the aforementioned resolution adopted by the Annual General Meeting on July 7, 2023.

The new shares will participate in profit from the beginning of the financial year in which they arise due to exercising of the respective conversion or option rights or fulfillment of the conversion obligations; diverging from this, to the extent permitted by law and subject to approval by the Supervisory Board, the General Partner may stipulate that the new shares participate in profit from the beginning of the financial year for which no resolution concerning the appropriation of net profit has yet been adopted by the Annual General Meeting at the time at which the conversion or option rights are exercised or the conversion obligations met. The General Partner is to be authorized to stipulate further details relating to the execution of the conditional capital increase.

The Supervisory Board is to be authorized to amend the wording of § 4 of the company's Articles of Association in accordance with the issue of new shares from Conditional Capital 2023/I. The same applies to the extent that the authorization to issue warrant and/or convertible bonds pursuant to the resolution adopted by the Annual General Meeting on July 7, 2023 has not been exercised during the term of such authorization or the corresponding option rights, conversion rights, or conversion obligations have lapsed due to expiry or otherwise.

9.3 Amendment to the Articles of Association

Subsequent to § 4 (3) a new § 4 (4) shall be added with the following wording:

“The company’s share capital is conditionally increased by up to € 4,800,000.00 by issuing up to 1,600,000 new, no-par bearer shares (Conditional Capital 2023/I). This conditional capital increase serves to grant shares to the bearers or creditors of convertible and/or warrant bonds that are issued on the basis of the authorization provided by resolution of the Annual General Meeting on July 7, 2023 under Agenda Item 9 by the company or a domestic or foreign company in which the company directly or indirectly holds a majority of the votes and capital in the period up to (and including) July 6, 2028. The conditional capital increase is only executed to the extent that option or conversion rights resulting from the aforementioned bonds are actually utilized or the conversion obligations from such bonds are met and only to the extent that other means have not been drawn on or are not drawn on to satisfy the resultant obligations. New shares are issued at the option or conversion price to be stipulated in each case on the basis of the aforementioned resolution adopted by the Annual General Meeting on July 7, 2023. The new shares participate in profit from the beginning of the financial year in which they arise due to exercising of the respective conversion or option rights or fulfillment of the conversion obligations; diverging from this, to the extent permitted by law and subject to approval by the Supervisory Board, the General Partner may stipulate that the new shares participate in profit from the beginning of the financial year for which no resolution concerning the appropriation of net profit has yet been adopted by the Annual General Meeting at the time at which the conversion or option rights are exercised or the conversion obligations met. The General Partner is authorized to stipulate further details relating to the execution of the conditional capital increase.

The Supervisory Board is authorized to amend the wording of § 4 of the company’s Articles of Association in accordance with the issue of new shares from Conditional Capital 2023/I. The same applies to the extent that the authorization to issue warrant and/or convertible bonds pursuant to the resolution adopted by the Annual General Meeting on July 7, 2023 has not been exercised during the term of such authorization or the corresponding option rights, conversion rights, or conversion obligations have lapsed due to expiry or otherwise.”

10. Resolutions on various amendments to the Articles of Association

The General Partner and Supervisory Board propose making various amendments to the Articles of Association:

10.1 Amendment to § 9 (2) Sentence 1 of the Articles of Association – Term of Office of Supervisory Board Members

To date, § 9 (2) Sentence 1 of the Articles of Association provides for the Supervisory Board members to be elected for a fixed term defined in the Articles of Association, and specifically for the period through to the conclusion of the Annual General Meeting formally approving their actions for the fourth financial year after the beginning of their term in office. According to § 9 (2) Sentence 2 of the Articles of Association, the financial year in which the term in office begins is not counted in this calculation. Pursuant to § 9 (2) Sentence 3, re-election is permitted.

The term for which Supervisory Board members are elected is to be made more flexible.

The General Partner and Supervisory Board therefore propose the adoption of the following resolution:

§ 9 (2) Sentence 1 of the Articles of Association shall be worded as follows:

“Unless a shorter term in office is specified upon their election, Supervisory Board members are elected for the period through to the conclusion of the Annual General Meeting formally approving their actions for the fourth financial year after the beginning of their term in office.”

The other sentences in § 9 (2) of the Articles of Association shall be retained without amendment.

10.2 Authorization to hold a virtual Annual General Meeting

§ 118a AktG allows Annual General Meetings to be held on a virtual basis if so permitted by the Articles of Association. The General Partner and Supervisory Board prefer in-person Annual General Meetings to virtual Annual General Meetings. To retain the necessary flexibility and be able to hold Annual General Meetings on a legally secure basis, particularly during times of pandemic, the General Partner is to be authorized to convene virtual Annual General Meetings.

The General Partner and Supervisory Board therefore propose the adoption of the following resolution:

The Articles of Association shall be supplemented by § 19a as formulated below:

“§ 19a

Virtual Annual General Meeting

The General Partner is authorized to hold an Annual General Meeting of the company without physical attendance by shareholders or their authorized representatives at the venue of the Annual General Meeting (virtual Annual General Meeting). The authorization provided in Sentence 1 is valid for a two-year period subsequent to entry of this § 19a in the Commercial Register by amendment to the Articles of Association.”

10.3 Virtual participation of Supervisory Board members

The members of the Supervisory Board should be permitted in exceptional cases in future to participate in the Annual General Meeting by video and audio transmission, particularly when the Annual General Meeting is held on a virtual basis.

The General Partner and Supervisory Board therefore propose the adoption of the following resolution:

The Articles of Association shall be supplemented by § 20a as formulated below:

“§ 20a

Virtual participation of Supervisory Board members

Members of the Supervisory Board are permitted to participate in the Annual General Meeting by video and audio transmission on an exceptional basis in cases in which, due to legal or health-related restrictions or due to their place of work or residence being located abroad, it is not possible for them to attend the meeting in person, or only at considerable expense, or when the Annual General Meeting is held as a virtual Annual General Meeting without physical attendance by shareholders or their authorized representatives at the venue of the Annual General Meeting.”

II. Reports and information on agenda items

1. Remuneration report

“2022/23 Remuneration Report

HORNBACH Holding AG & Co. KGaA is a publicly listed company with the legal form of a partnership limited by shares (*Kommanditgesellschaft auf Aktien* – “**KGaA**”). Pursuant to § 162 of the German Stock Corporation Act (*Aktiengesetz* – “**AktG**”), the “management and supervisory boards of the listed company [...] are required to prepare a clear and understandable report each year on the remuneration granted and owed to each individual current or former member of the management and supervisory boards of the company and of companies with the same group (§ 290 of the German Commercial Code (*Handelsgesetzbuch* – “**HGB**”). As a KGaA, HORNBACH Holding AG & Co. KGaA has a Supervisory Board, but does not have a Board of Management. The management of HORNBACH Holding AG & Co. KGaA is instead incumbent on the unlisted company HORNBACH Management AG as the General Partner. HORNBACH Management AG has a Supervisory Board and a Board of Management.

The Supervisory Board of HORNBACH Holding AG & Co. KGaA and the General Partner HORNBACH Management AG compiled a remuneration report pursuant to § 162 AktG for the first time for the 2021/22 financial year. The Annual General Meeting of HORNBACH Holding AG & Co. KGaA on July 8, 2022 approved the 2021/22 remuneration report with a majority of 96.04% of the votes cast. The Supervisory Board of HORNBACH Holding AG & Co. KGaA and the General Partner HORNBACH Management AG have again compiled a remuneration report pursuant to § 162 AktG for the 2022/23 financial year. This report on the one hand presents the remuneration granted and owed to each individual current and former member of the Supervisory Board of HORNBACH Holding AG & Co. KGaA. On the other hand, it voluntarily presents the remuneration granted and owed to each current and former member of the Board of Management and Supervisory Board of HORNBACH Management AG. Moreover, the report explains the principles underlying the remuneration systems for members of the Board of Management and the Supervisory Boards of HORNBACH Holding AG & Co. KGaA and HORNBACH Management AG.

A. Remuneration of members of Board of Management of HORNBACH Management AG

I. Overview of remuneration system for Board of Management of HORNBACH Management AG

The remuneration of the Board of Management for the 2022/23 financial year is based on the remuneration system adopted by the Supervisory Board of HORNBACH Management AG on December 18, 2019, which took effect as of March 1, 2020 (“**remuneration system of HORNBACH Management AG**”).

The remuneration of members of the Board of Management comprises fixed and variable components. Fixed remuneration components for the members of the Board of Management are the fixed annual salary, ancillary benefits, and the company pension scheme. The variable components are one-year variable remuneration (“**OVR**”) and multiyear variable remuneration (“**MVR**”). Furthermore, the remuneration system lays down share ownership guidelines (“**SOG**”) for members of the Board of Management.

Remuneration component	Assessment basis / parameter
Fixed remuneration components	
Fixed annual salary	in 12 equal monthly instalments at the end of each calendar month
Ancillary benefits	<ul style="list-style-type: none"> – Private use of a company car – Accident insurance – Employer grants to health and nursing care insurance – Grant to voluntary pension insurance or, alternatively, to contributions to a life insurance policy amounting to 50% of the respectively valid pension insurance rate up to the amount of the assessment ceiling – D&O insurance at the expense of HORNBACH Holding AG & Co. KGaA <p>Divergent rules apply in some cases for members of the Board of Management who are simultaneously members of the Board of Management of HORNBACH</p>

Remuneration component	Assessment basis / parameter	
	Baumarkt AG and already entitled to the respective ancillary benefit due to their employment relationship at that company.	
Company pension scheme	Plan type: Defined contribution commitment Contribution: Half-yearly pension contribution amounting to 12.5% of fixed gross annual salary	
Variable remuneration components		
One-year variable remuneration (OVR)	Plan type: Target amount: Cap: Performance criteria: Assessment period: Payment date:	Target bonus – Chief Executive Officer: € 265,000 – Members of Board of Management: € 60,000 200% of target amount – Sales (40%), free cash flow (30%), and EBT (30%) of HORNBAACH Holding AG & Co. KGaA (figures taken from consolidated financial statements) – Modifier (0.8-1.2) One year (prospective) Month in which consolidated financial statements of HORNBAACH Holding AG & Co. KGaA for respective financial year are approved, at latest month thereafter
	Objective: To provide an incentive for the Board of Management to focus its activities on the growth strategy pursued by the company and to incentivize the ongoing increase in the company's earnings strength and internal financing potential.	
Multiyear variable remuneration (MVR)	Plan type: Target amount: Cap: Performance criteria: Performance period: Payment date:	Performance cash plan – Chief Executive Officer: € 425,000 – Members of Board of Management: € 100,000 200% of target amount – Relative TSR (25%) of HORNBAACH Holding AG & Co. KGaA and ROCE premium over WACC (75%) of HORNBAACH Holding AG & Co. KGaA (figures taken from consolidated financial statements) – Modifier (0.8-1.2) Four years (prospective) Month in which consolidated financial statements for final financial year in four-year performance period are approved, at latest month thereafter
	Objective: To create long-term incentives to generate an adequate return for shareholders, also by comparison with the market, and to present and promote in the remuneration system for the Board of Management all aspects of sustainably profitable value creation resulting from entrepreneurial actions.	
Other provisions		
SOG	<ul style="list-style-type: none"> – Obligation to use 50% of MVR payment amount to acquire shares in HORNBAACH Holding AG & Co. KGaA – SOG target: 150% of one fixed gross annual salary for Chief Executive Officer; 100% of one fixed gross annual salary for regular member of Board of Management – Shares to be held for duration of activity on Board of Management 	

Remuneration component	Assessment basis / parameter
	The share ownership guideline (SOG) is intended in particular to align the remuneration structure to the company's permanent business success. The obligation to acquire and hold shares links the remuneration of the Board of Management to the share price performance of HORNBAACH Holding AG & Co. KGaA, which in turn reflects the company's inherent earnings strength.
Maximum remuneration	<ul style="list-style-type: none"> – Cap on total remuneration payable for a financial year (total of fixed annual salary, variable remuneration components, company pension scheme, and ancillary benefits), irrespective of payment date – Chief Executive Officer; € 2,040,000; regular members of Board of Management: € 520,000 each – If remuneration exceeds the maximum amount, the MVR payment amount is reduced for the respective grant year.
Malus and clawback regulations	<ul style="list-style-type: none"> – The Supervisory Board may reduce the OVR and/or MVR payment amounts by up to 100% in the event of improper conduct on the part of a member of the Board of Management during the assessment period (“malus”). – Claim to repayment of OVR and/or MVR in the event of objectively erroneous consolidated financial statements (“clawback”)

Outlook for the 2023/24 financial year:

By resolution dated February 24, 2023, the Supervisory Board amended the remuneration system at HORNBAACH Management AG with effect as of March 1, 2023. Starting in the 2023/24 financial year, ESG criteria will be added to the MVR as new non-financial performance criteria. The ESG criteria will be weighted at 25% alongside the existing financial performance criteria of ROCE premium over WACC (new weighting of 50% from 2023/24 financial year replacing previous weighting of 75%) and total shareholder return (weighting unchanged at 25%) (for further details, please see Section a)I.1.1.1b)ff).

II. Remuneration of incumbent members of Board of Management of HORNBAACH Management AG in 2022/23 financial year

1. Members of Board of Management of HORNBAACH Management AG in 2022/23 financial year

The following individuals were members of the Board of Management of HORNBAACH Management AG in the 2022/23 financial year:

- Albrecht Hornbach, member of Board of Management and Chief Executive Officer since October 9, 2015
- Karin Dohm, member of Board of Management since January 1, 2021

In principle, the remuneration paid to members of the Board of Management of HORNBAACH Management AG is also deemed as settlement for activities at subsidiaries and shareholdings.

Albrecht Hornbach is Chair of the Supervisory Boards of HORNBAACH Baumarkt AG and HORNBAACH Immobilien AG. He receives additional remuneration for his activity as Chair of the Supervisory Board of HORNBAACH Baumarkt AG.

Karin Dohm has been a member of the Board of Management of HORNBAACH Baumarkt AG since January 1, 2021. In addition to her remuneration as a member of the Board of Management of HORNBAACH Management AG, in the 2022/23 financial year Karin Dohm also received remuneration as a member of the Board of Management of HORNBAACH Baumarkt AG. The remuneration system applicable at HORNBAACH Baumarkt AG in the 2022/23 financial year is based on the same principles as the remuneration system at HORNBAACH Management AG (see Section I above). It comprises the same remuneration components and refers to the same performance criteria with the same weightings – merely based in this case on corresponding references to HORNBAACH Baumarkt AG. The remuneration system of HORNBAACH Baumarkt AG was approved by the Annual General Meeting of HORNBAACH Baumarkt AG on July 9, 2020. Upon application by HORNBAACH Baumarkt AG, the Frankfurt Stock Exchange withdrew its approval for shares in HORNBAACH Baumarkt AG to be traded on the Regulated Market of the Frankfurt Stock Exchange as of the conclusion of February 28, 2022, as a result of which the stock market listing of HORNBAACH Baumarkt AG was discontinued pursuant to § 3 (2) AktG (“**delisting**”). By resolution adopted on February 17, 2022 the Supervisory Board adapted the remuneration system for members of the Board of Management of

HORNBACH Baumarkt AG such that, to the extent that their remuneration was previously based on the share price of HORNBACH Baumarkt AG, such remuneration would from March 1, 2022 be linked to the share of HORNBACH Holding AG & Co. KGaA. Furthermore, by analogy with the amendment made to the remuneration system at HORNBACH Management AG, on February 23, 2023 the Supervisory Board of HORNBACH Baumarkt AG adopted a resolution amending the remuneration system for members of the Board of Management of HORNBACH Baumarkt AG in order to integrate ESG targets as a new third performance criteria in MVR with effect as of March 1, 2023 (see ESG criteria below under a)l.1.1.b)ff) which are also applicable to the MVR at HORNBACH Baumarkt AG.

The disclosures provided on the remuneration granted and owed in the 2022/23 financial year include disclosures on the remuneration at HORNBACH Baumarkt AG.

2. Remuneration granted and owed in 2022/23 financial year

Pursuant to § 162 (1) Sentence 1 AktG, the remuneration report must report on the remuneration granted and owed to each individual member of the Board of Management in the past financial year. The terms used are based on the following understanding of the concepts:

- The term “granted” refers to *“the actual payment of the remuneration component”*;
- The term “owed” refers to *“all legally existent liabilities for remuneration components that are due for payment but which have not yet been settled”*.

This understanding of the concepts differs from the terms “benefits granted” and “benefits received” used in remuneration reports before the entry into effect of § 162 AktG in the version modified by the German Second Shareholder Rights Directive Implementation Act (“**ARUG II**”). As defined in the 2017 version of the German Corporate Governance Code, “benefits granted” included all remuneration components basically committed to a member of the Board of Management in the respective year and whose amount could be estimated, irrespective of the time of payment. Since the introduction of § 162 AktG, the distinction made between “granted” and “received” in the former understanding of the concepts can no longer be upheld. In terms of its content, the term “granted” as used in § 162 AktG corresponds to the previous understanding of “received”.

2.1. Tabular overview

The remuneration tables below present the remuneration for the assessment period ending on February 28, 2023 as being granted and owed. Accordingly, the following components are reported as remuneration granted in the 2022/23 financial year:

- The basic salary paid in the 2022/23 financial year,
- Ancillary benefits,
- The OVR for the 2022/23 financial year paid at the beginning of the 2023/24 financial year.

The MVR has been allocated in annual tranches since March 1, 2020 (2020/21 financial year). Each tranche of the MVR has a performance period of four years. Accordingly, the first MVR tranche still runs through to February 29, 2024 and is due for payment at the beginning of the 2024/25 financial year. It will be reported in the remuneration report for the 2023/24 financial year (final year in the four-year performance period). Accordingly, no payments relating to the MVR have been included within remuneration granted and owed in this remuneration report.

As HORNBACH Management AG is not in arrears with the payment of remuneration components, none of the remuneration components presented in the tables are owed.

Albrecht Hornbach				
Chief Executive Officer				
	2022/23		2021/22	
	in €	in % ¹	in €	in %
Fixed remuneration components				
Basic salary	480,000	60	480,000	46
Ancillary benefits	33,061	4	33,018	3
Total in €	513,061		513,018	
Variable remuneration components				
One-year variable remuneration (OVR)	291,500	36	530,000	51
Total – remuneration granted and owed in €	804,561		1,043,018	
Pension expenses ² in €	120,000		120,000	
Total remuneration including pension expenses in €	924,561		1,163,018	
Maximum remuneration in €	2,040,000		2,040,000	
Clawback pursuant to § 162 (1) Sentence 2 No. 4 AktG	-		-	

¹ The percentages stated in this table denote the respective share of total remuneration granted and owed in the respective financial year.

² Pension expenses are disclosed as service cost pursuant to IAS 19. Service cost pursuant to IAS 19 does not constitute “granted or owed” remuneration as defined in § 162 (1) Sentence 1 AktG, as it was not actually received by the member of the Board of Management in the year under report.

Karin Dohm				
CFO				
	2022/23		2021/22	
	in €	in %	in €	in %
Fixed remuneration components				
Basic salary at HORNBACH Management AG	112,000	12	112,000	9
Basic salary at HORNBACH Baumarkt AG	450,000	49	450,000	37
Ancillary benefits at HORNBACH Baumarkt AG	19,198	2	18,548	2
Total in €	581,198		580,548	
Variable remuneration components				
One-year variable remuneration (OVR) at HORNBACH Management AG	66,000	7	120,000	10
One-year variable remuneration (OVR) at HORNBACH Baumarkt AG	275,000	30	500,000	42
Total – remuneration granted and owed in €	922,198		1,200,548	
Pension expenses at HORNBACH Management AG in €	28,000		28,000	
Pension expenses at HORNBACH Baumarkt AG in €	112,500		112,500	
Total remuneration including pension expenses in€	1,062,698		1,341,048	
Maximum remuneration at HORNBACH Management AG in €	520,000		520,000	
Maximum remuneration at HORNBACH Baumarkt AG in €	1,822,500		1,822,500	
Clawback pursuant to § 162 (1) Sentence 2 No. 4 AktG	-		-	

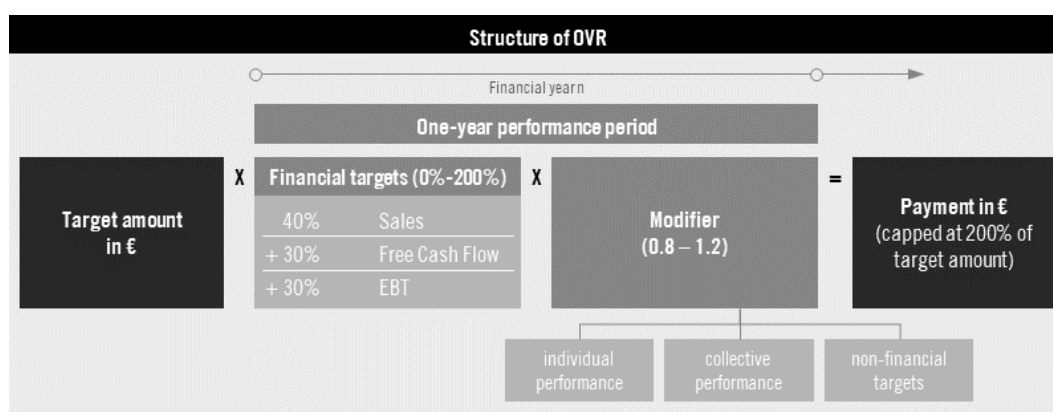
2.2. Explanatory notes

2.2.1. Performance criteria for variable remuneration

a) Performance criteria for one-year variable remuneration (OVR)

aa) Overview of OVR

OVR is a performance-related bonus with a one-year assessment period. In the first step, OVR is dependent on key financial performance criteria at HORNBAACH Holding AG & Co. KGaA. In the second step, the Supervisory Board may apply a modifier to account for the performance of the individual member of the Board of Management, the collective performance of the overall Board of Management, and the achievement of relevant non-financial targets.



bb) Financial performance criteria

The three financial performance criteria used to calculate the amount of OVR remuneration paid are: sales (weighted at 40%), free cash flow, and earnings before taxes (“EBT”), both of which weighted at 30%. This on the one hand provides an incentive for the Board of Management to focus its activities on the growth strategy pursued by the company. On the other hand, it provides an incentive for continually increasing the company’s earnings strength and internal financing potential. The figures are based on those reported in the approved and audited consolidated financial statements of HORNBAACH Holding AG & Co. KGaA for the respective financial year.

The Supervisory Board of HORNBAACH Management AG sets targets for the individual financial performance criteria before the beginning of the respective financial year. Upon the conclusion of the financial year, total target achievement is calculated on the basis of target achievement in the individual financial performance criteria. To determine target achievement for the three financial performance criteria, for each criterion the Supervisory Board of HORNBAACH Management AG compares the actual value upon expiry of the financial year with the actual value for the previous year (strategic growth rate). For the 2022/23 financial year, the Supervisory Board stipulated the following targets and determined the following levels of target achievement:

Sub-target	Weighting	Threshold (0%)	Target value (100%)	Maximum value (200%)	Actual value (2022/23)	Target achievement
Sales	40%	€ 5.7 billion	€ 6.0 billion	€ 6.3 billion	€ 6.26 billion	188%
Free cash flow	30%	€ 140 million	€ 180 million	€ 220 million	€ 187 million	116%
EBT	30%	€ 260 million	€ 290 million	€ 320 million	€ 218 million	0%

cc) Modifier

To supplement the financial performance criteria, the Supervisory Board of HORNBAACH Management AG stipulates criteria for the modifier, generally before the beginning of the respective financial year. By way of the modifier, the Supervisory Board can assess the performance of the individual member of the Board of Management, the

performance of the overall Board of Management, and the achievement of non-financial targets, such as stakeholder and ESG (Environment, Social, Governance) targets, in each case referring to HORNBAACH Management AG and HORNBAACH Holding AG & Co. KGaA. For the 2022/23 financial year, the Supervisory Board defined the following criteria for the modifier:

The collective performance of the Board of Management, specifically:

- Further development of governance at the company
- Change management in the context of migration to a new ERP system
- Increasing the visibility and valuation of the share of HORNBAACH Holding AG & Co. KGaA
- Development of a concept and definition of specific ESG targets/criteria (Environmental, Social, Governance) aimed at being able to integrate these into the remuneration system for the Board of Management for the 2023/24 financial year.

The individual modifier is determined by the Supervisory Board of HORNBAACH Management AG at its due discretion. The modifier generally amounts to 1.0 and may be adjusted to a value between 0.8 and 1.2 if the financial performance criteria alone do not adequately reflect the performance of the member of the Board of Management. For the 2022/23 financial year, the Supervisory Board set the modifier at 1.0.

dd) Calculation of OVR payment amount

The target amount of OVR is paid if target achievement amounts to 100%.

If the employment relationship of the member of the Board of Management begins or ends in the current financial year, the target amount is proportionately reduced on a pro rata temporis basis as of the beginning or end of the employment relationship. The same applies by analogy to periods in which the member of the Board of Management, while still employed, has no claim to remuneration. If the employment relationship ends, the OVR is calculated for the current financial year in accordance with general provisions governing the OVR and paid at the regular date. All claims to OVR relating to a current assessment period, i.e. a current financial year, lapse without replacement or compensation in the following “bad leaver” cases: The employment contract with the member of the Board of Management ends prior to expiry of the assessment period due to extraordinary termination by HORNBAACH Management AG for a compelling reason pursuant to § 626 of the German Civil Code (*Bürgerliches Gesetzbuch* – “**BGB**”) for which the member of the Board of Management is responsible; the appointment of the member of the Board of Management ends before expiry of the assessment period due to the appointment as a member of the Board of Management being revoked as a result of a gross breach of duty, or the appointment of the member of the Board of Management ends before expiry of the assessment period due to his or her resigning, without such resignation being caused by a breach of duty on the part of HORNBAACH Management AG or by ill health on the part of the member of the Board of Management or of a close family member.

ee) OVR payment and cap

The annual OVR payment amount is capped at a maximum of 200% of the target amount. The payment amount is due for payment at the latest in the month following approval of the consolidated financial statements of HORNBAACH Holding AG & Co. KGaA for the financial year to which the OVR refers.

b) Performance criteria for multiyear variable remuneration (MVR)

The first tranche of MVR was allocated as of March 1, 2020 (2020/21 financial year). Its four-year performance period will end upon the conclusion of February 29, 2024. Accordingly, MVR will be paid for the first time at the beginning of the 2024/25 financial year. Further tranches of MVR were allocated as of March 1, 2021 (2022/23 financial year) and as of March 1, 2022. Their four-year performance periods will end upon the conclusion of February 28, 2025 and February 28, 2026 respectively. The performance criteria for the MVR allocated as of March 1, 2022 are reported below.

aa) Overview of MVR

MVR is structured as a performance cash plan that is granted annually in rolling tranches. Each tranche of the performance cash plan has a four-year term (“**performance period**”). Each performance period begins on March 1

of the first financial year in the performance period (“**grant year**”) and ends on February 28/29 of the third year following the grant year.

In the first step, MVR is dependent on key financial performance criteria at HORNBAACH Holding AG & Co. KGaA. In the second step, the Supervisory Board may apply a modifier to account for the performance of the individual member of the Board of Management, the collective performance of the overall Board of Management, and achievement of relevant non-financial targets, such as stakeholder and ESG (Environment, Social, Governance) targets, in each case referring to HORNBAACH Management AG and to HORNBAACH Holding AG & Co. KGaA. Following expiry of the performance period, the target achievement for MVR is calculated over the four-year performance period and the payment amount for each member of the Board of Management is determined in line with the level of target achievement.

bb) Financial performance criteria

The key financial performance criteria for MVR are the relative total shareholder return (“**TSR**”) of HORNBAACH Holding AG & Co. KGaA compared with the TSRs of companies listed in the SDAX throughout the entire performance period (except HORNBAACH Holding AG & Co. KGaA with ISIN DE0006083405), which is weighted at 25%, and the return premium (expressed by the return on capital employed, “**ROCE**”) less the weighted average cost of capital (“**WACC**”) (“**ROCE premium over WACC**”) of the HORNBAACH Holding AG & Co. KGaA Group during the four-year performance period, which is weighted at 75%. This on the hand creates long-term incentives to generate an adequate return for shareholders, also by comparison with the market. On the other hand, the remuneration system for members of the Board of Management presents and promotes all aspects of sustainably profitable value creation resulting from their entrepreneurial actions. The specific targets set by the Supervisory Board for the financial performance criteria in the respective MVR tranche are reported in the remuneration report which discloses the granting of the respective tranche.

cc) Modifier

By analogy with OVR and the principles presented in Section A.II.2.2.1a)cc), the Supervisory Board may supplement the financial performance criteria with the modifier to account for the performance of the individual member of the Board of Management, the performance of the overall Board of Management, and the achievement of non-financial targets, such as stakeholder and ESG (Environment, Social, Governance) targets, referring in each case to HORNBAACH Management AG and HORNBAACH Holding AG & Co. KGaA, and, at its due discretion, set the modifier at between 0.8 and 1.2 for each member of the Board of Management. The specific targets set by the Supervisory Board for the modifier in the respective MVR tranche are reported in the remuneration report which discloses the granting of the respective tranche.

dd) Calculation of MVR payment amount

The MVR target amount is disbursed in the event of 100% target achievement. If the employment relationship or MVR participation entitlement of the respective member of the Board of Management begins or ends during the grant year, the target amount is proportionately reduced on a pro rata temporis basis. This means that the target amount of MVR is reduced by 1/365 for each day in the grant year on which there was no employment relationship or no entitlement to participate. The same applies by analogy to periods in which the member of the Board of Management, while still employed, has no claim to remuneration. If the employment relationship ends, the MVR is calculated for the current performance periods in accordance with general provisions governing the MVR and paid at the regular date. All claims to MVR relating to a current assessment period, i.e. a current performance period, lapse without replacement or compensation in the “bad leaver” cases presented for OVR.

ee) MVR payment and cap

The MVR payment amount is capped for each tranche at a maximum of 200% of the target amount. The payment amount is due for payment at the latest in the month following approval of the consolidated financial statements of HORNBAACH Holding AG & Co. KGaA for the final financial year in the four-year performance period.

ff) Outlook for the 2023/24 financial year:

Starting in the 2023/24 financial year, alongside the two existing financial performance criteria MVR will also depend on the achievement of ESG criteria. These have been added as a new third non-financial performance criteria to supplement the existing financial performance criteria of TSR and ROCE premium over WACC. The ESG criteria will be weighted at 25%, while the ROCE premium over WACC performance criterion will be weighted at 50% in future (instead of 75% previously) and the TSR will continue to be weighted at 25%. Target achievement for the ESG targets performance criteria will be assessed by reference to the weighted achievement of the five following individual ESG targets:

- Share of articles within the listed stock range that at the end of the performance (i) has been reviewed to identify sustainability benefits and (ii) has been labeled where applicable with the labels developed for this purpose at the Group (“**sustainability labeling**”).
- Reduction in greenhouse gas emissions (“**CO2e**”) in the GHG categories Scope 1.01 (stationary combustion), 2.02 (electricity), and 2.03 (heat) per square meter of heated space in the final financial year in the performance period compared with the base year 2020/21 in which these figures were first measured (“**reduction in CO2e emissions**”).
- Employee satisfaction as expressed in the number of terminations of permanent employment relationships, whether initiated by employees or employers, as a proportion of the average number of employees in permanent employment relationships as reported in the Non-Financial Group Report; achievement is assessed by reference to the average value for the individual financial years in the performance period (“**employee satisfaction**”).
- Broadening diversity in the two management levels below the Board of Management (“**diversity**”). Diversity is measured by reference to the number of women managers as a proportion of the total number of managers on the two management levels below the Board of Management as reported in the Corporate Governance Statement; achievement is assessed by reference to the average value for the individual financial years in the performance period.
- Global customer satisfaction as reported in the Kundenmonitor surveys for Germany, Austria, and Switzerland currently conducted by Service Barometer AG (“**customer satisfaction**”); achievement is assessed by reference to the weighted average score for the individual financial years in the performance period.
- Furthermore, the Supervisory Board has included the following additional ESG criteria in the non-financial criteria for the MVR modifier: increase in energy efficiency, reduction in CO₂ emissions, calculation of Scope 3 emissions, and increase in the share of products defined as sustainable.

2.2.2. Conformity with remuneration system

The remuneration granted and owed to the members of the Board of Management in the 2022/23 financial year conforms to the provisions of the remuneration system at HORNBAACH Management AG. There were no deviations from the applicable remuneration system in the 2022/23 financial year. The OVR payment amount did not require reducing, as 200% of the OVR target amount was not achieved. Overall, the remuneration granted and owed to members of the Board of Management in the 2022/23 financial year also did not exceed the maximum remuneration stipulated in the remuneration system. In calculating the MVR payment amount for the 2022/23 financial year (upon the conclusion of the 2025/26 financial year), a calculation will be made to ascertain whether the maximum remuneration is exceeded due to the MVR payment amount; if necessary, the MVR payment amount will be correspondingly reduced.

2.2.3. No clawbacks in 2022/23 financial year

HORNBAACH Management AG did not claw back any variable remuneration components from individual members of the Board of Management in the 2022/23 financial year. No factual preconditions for any such clawback were met.

2.2.4. Payments and commitments in the event of termination of employment

a) Payments and commitments to members of the Board of Management in the event of premature termination of activity on the Board of Management

aa) Should the activity of a member of the Board of Management be terminated prematurely, then any potential severance pay, including ancillary benefits, is capped at a maximum of two annual remuneration packages. If the remaining term of the employment contract amounts to fewer than two years, the severance pay may not exceed the contractual remuneration for the remaining term ("**severance pay cap**"). The calculation of the severance pay cap is generally based on total remuneration for the past financial year and, where appropriate, also on expected total remuneration for the current financial year. If a retrospective prohibition on competition is agreed, then any severance pay is imputed to the remuneration agreed as compensation for such prohibition. If the employment contract is terminated by the member of the Board of Management, or due to a compelling reason for which he or she is responsible, then severance pay is precluded.

bb) The members of the Board of Management receive a company pension from HORNBAACH Management AG in the form of a defined contribution commitment, also if their activity as a member of the Board of Management is terminated prematurely.

b) Pension commitments to members of the Board of Management upon the regular conclusion of their activity on the Board of Management

Upon the regular conclusion of their activity on the Board of Management, the members of the Board of Management receive a retirement pension. This is paid upon the respective member reaching the age of 65. Members of the Board of Management have received a defined contribution commitment covering retirement, invalidity, and surviving dependent pensions. A pension contribution amounting to 12.5% of the fixed gross annual salary is paid in for every half year of the respective appointment to the Board of Management.

The following overview presents these retirement pensions on an individualized basis for members of the Board of Management in the 2022/23 financial year. The figures are broken down into the present value and the amount expended by HORNBAACH Management AG for this during the past financial year.

	Present value	Amount expended in 2022/23 financial year
Albrecht Hornbach	€ 2,159,494	€ 120,000
Karin Dohm		
HORNBAACH Management AG	€ 59,826	€ 28,000
HORNBAACH Baumarkt AG	€ 239,771	€ 112,500

c) Payments and commitments to members of the Board of Management retiring in the 2022/23 financial year

No members retired from the Board of Management of HORNBAACH Management AG in the 2022/23 financial year.

III. Remuneration of former members of Board of Management

1. Remuneration granted and owed in 2022/23 financial year (individualized)

Pursuant to § 162 (1) Sentence 1 AktG, report must also be provided on the remuneration granted and owed to former members of the Board of Management. Roland Pelka retired from his positions as a member of the Board of Management of HORNBAACH Management AG and HORNBAACH Baumarkt AG upon the conclusion of March 31, 2021, with the corresponding employment contracts expiring as of October 31, 2021 and September 30, 2021 respectively. The remuneration granted and owed is presented in the table below.

Roland Pelka
CFO
until March 31, 2021

	2022/23		2021/22 ³	
	in €	in % ⁴	in €	in %
Fixed remuneration components				
Basic salary at HORNBACH Management AG	0	0	74,666	9
Basic salary at HORNBACH Baumarkt AG	0	0	291,666	35
Ancillary benefits at HORNBACH Baumarkt AG	0	0	14,835	2
Total in €	0		381,167	
Variable remuneration components				
One-year variable remuneration (OVR) at HORNBACH Management AG	0	0	80,000	9
One-year variable remuneration (OVR) at HORNBACH Baumarkt AG	0	0	320,833	38
Pension payments (from January 1, 2022)				
Pension at HORNBACH Management AG	60,000	17	10,000	1
Pension at HORNBACH Baumarkt AG	300,000	83	50,000	6
Total – remuneration granted and owed in €	360,000		842,000	
Pension expenses at HORNBACH Management AG	0		18,666	
Pension expenses at HORNBACH Baumarkt AG	0		72,917	
Total remuneration including pension expenses in €	360,000		933,583	
Maximum remuneration at HORNBACH Management AG in €	-		346,666	
Maximum remuneration at HORNBACH Baumarkt AG in €	-		1,175,416	
Clawback pursuant to § 162 (1) Sentence 2 No. 4 AktG	-		-	

Pursuant to § 162 (5) Sentence 2 AktG, the obligation to report on remuneration granted and owed to former members of the Board of Management in the year under report on an individualized basis extends to include remuneration granted and owed up to the conclusion of ten years after the financial year in which the former member of the Board of Management stood down from the position most recently held on the Board of Management or Supervisory Board at HORNBACH Management AG. Accordingly, this includes members of the Board of Management who stood down from their most recent

³ The tabular presentation of remuneration granted and owed includes the fixed and variable remuneration components granted to Roland Pelka following his retirement from his Board of Management positions through to the end of the respective employment contract (HORNBACH Management AG: October 31, 2021; HORNBACH Baumarkt AG: September 30, 2021).

⁴ The percentages stated in this table denote the respective share of total remuneration granted and owed in the respective financial year.

positions on the Board of Management or Supervisory Board of HORNBAACH Management AG after the 2012/13 financial year.

In the 2022/23 financial year there was no other remuneration granted or owed which required report for former members of the Board of Management.

2. Total remuneration granted to former members of Board of Management who stood down prior to 2013

Pursuant to § 162 (5) Sentence 2 AktG, there is no obligation to provide individualized disclosures on remuneration granted and owed in the 2022/23 financial year to former members of the Board of Management who already stood down from their most recent positions on the Board of Management or Supervisory Board of HORNBAACH Management AG prior to the beginning of the 2013/14 financial year and to which accordingly any remuneration granted and owed in the 2022/23 financial year would be thereby granted and owed more than ten years after their standing down from their positions at HORNBAACH Management AG. In the 2022/23 financial year, there was no total remuneration granted and owed to former members of the Board of Management that would require report.

IV. Comparative presentation

The table below presents a comparison of the percentage change of the remuneration paid to members of the Board of Management with the earnings performance of HORNBAACH Holding AG & Co. KGaA and with average remuneration paid to employees on a full-time equivalent basis compared with the previous year.

The earnings performance is presented by reference to the relative change in the key figures of the annual net surplus at HORNBAACH Holding AG & Co. KGaA (annual financial statements) and the earnings before taxes (EBT) and sales of the HORNBAACH Holding AG & Co. KGaA Group.

The comparison with the development in average remuneration paid to employees has been based on the employees at HORNBAACH Holding AG & Co. KGaA, HORNBAACH Baumarkt AG, and HORNBAACH Baustoff Union GmbH on a full-time equivalent basis.

Annual change in %	2022/23 compared with 2021/22 ⁵	2021/22 compared with 2020/21
Board of Management remuneration⁶		
Albrecht Hornbach	-22.9%	0.1%
Karin Dohm	-23.2%	600% ⁷
Roland Pelka	-61.4% ⁸	-35.5% ⁹
Earnings performance		
Annual net surplus at KGaA	-4.9%	4.3%
Earnings before taxes (EBT) ¹⁰ at Group	-30.5%	18.1%
Sales at Group	6.6%	7.7%
Remuneration of employees		
Employees of HORNBAACH Holding AG & Co. KGaA, HORNBAACH Baumarkt AG, and HORNBAACH Baustoff Union GmbH	3.8%	1%

⁵ Pursuant to the transitional requirement of § 26j (2) Sentence 2 EGAktG, through to the conclusion of the 2025/26 financial year, the comparative analysis should only include average remuneration in the period since the 2020/21 financial year, rather than the average remuneration in the past five financial years.

⁶ "Granted and owed" remuneration as defined in § 162 (1) Sentence 1 AktG

⁷ Karin Dohm joined the company as of January 1, 2021 and was therefore a member of the Boards of Management of HORNBAACH Management AG and HORNBAACH Baumarkt AG for only two months in the comparative 2020/21 financial year.

⁸ Roland Pelka has received pension payments from HORNBAACH Management AG and HORNBAACH Baumarkt AG since January 1, 2022.

⁹ Due to his departure from the company, the employment contracts between Roland Pelka and HORNBAACH Management AG and HORNBAACH Baumarkt AG expired during the 2021/22 financial year (HORNBAACH Management AG: October 31, 2021; HORNBAACH Baumarkt AG: September 30, 2021).

¹⁰ Consolidated earnings before taxes on income

B. Remuneration of members of Supervisory Board of HORNBAACH Management AG

I. Overview of remuneration

The remuneration of the Supervisory Board is governed by § 4.7 of the Articles of Association of HORNBAACH Management AG. The remuneration of Supervisory Board members comprises fixed annual basic remuneration. The fixed annual basic remuneration amounts to € 50,000.00 for the Chair of the Supervisory Board, € 40,000.00 for the Deputy Chair of the Supervisory Board, and € 20,000.00 for each other member of the Supervisory Board. Furthermore, Supervisory Board members also sitting on a Supervisory Board committee receive fixed committee remuneration. Fixed committee remuneration amounts to € 22,500.00 for the Chair and € 9,000.00 for each other member in the Audit Committee, to € 15,000.00 for the Chair and € 6,000.00 for each other member in the Personnel Committee, and to € 10,000.00 for the Chair and € 4,000.00 for each other member in all other committees. The Supervisory Board of HORNBAACH Management AG has currently not formed any committees.

The fixed annual basic remuneration and fixed committee remuneration are granted for each financial year and are each due for payment after the Annual General Meeting to which the annual financial statements for the respective financial year are presented. Remuneration is proportionately reduced on a pro rata temporis basis if a member of the Supervisory Board or a committee is not a member of such for the full financial year or does not chair the respective body for the full financial year.

HORNBAACH Management AG reimburses any sales tax incurred on the fixed annual basic remuneration and the fixed committee remuneration to the extent that Supervisory Board members are entitled to charge the company separately for sales tax and exercise this right.

II. Remuneration of Supervisory Board members in 2022/23 financial year

1. Supervisory Board members in 2022/23 financial year

The following individuals were members of the Supervisory Board of HORNBAACH Management AG in the 2022/23 financial year:

- Dr. John Feldmann (Chair)
- Melanie Thomann-Bopp (Deputy Chair)
- Albert Hornbach
- Arnulf Hornbach
- Johann Hornbach
- Simone Krah
- Maria Olivier
- Vanessa Stütze (since July 8, 2022)
- Prof. Dr.-Ing. Jens P. Wulfsberg (until July 8, 2022)
- Dr. Susanne Wulfsberg

2. Remuneration granted and owed to Supervisory Board members active in 2022/23 financial year

The table below presents the remuneration granted and owed to individual Supervisory Board members in the 2022/23 financial year. The concept “granted and owed” remuneration is based on the same definition as outlined above in Section A.II.2. The remuneration reported in the table therefore presents the amounts actually received in the 2022/23 financial year.

	Fixed remuneration				Total		Remuneration from other Group mandates ¹¹	
	2022/23		2021/22		2022/23	2021/22	2022/23	2021/22
	in €	in %	in €	in %	in €	in €	in €	in €
Dr. John Feldmann	50,000	100	46,466	100	50,000	46,466	100,500	100,500
Melanie Thomann-Bopp	40,000	100	25,863	100	40,000	25,863	70,750	60,766
Albert Hornbach	20,000	100	20,000	100	20,000	20,000	0	0
Arnulf Hornbach	20,000	100	12,931	100	20,000	12,931	0	0
Johann Hornbach	20,000	100	12,931	100	20,000	12,931	0	0
Simone Krahl	20,000	100	12,931	100	20,000	12,931	18,500	11,962
Maria Olivier	20,000	100	3,233	100	20,000	3,233	0	0
Vanessa Stütze (since July 8, 2022)	12,932	100	0	0	12,932	0	6,466	0
Prof. Dr.-Ing. Jens P. Wulfsberg (until July 8, 2022)	7,123	100	20,000	100	7,123	20,000	3,671	18,384
Dr. Susanne Wulfsberg	20,000	100	20,000	100	20,000	20,000	0	8,384

III. Comparative presentation

The table below presents a comparison of the percentage change of the remuneration paid to Supervisory Board members with the earnings performance of HORNBAACH Holding AG & Co. KGaA and with average remuneration paid to employees on a full-time equivalent basis compared with the previous year.

The earnings performance is presented by reference to the relative change in the key figures of the annual net surplus at HORNBAACH Holding AG & Co. KGaA (annual financial statements) and the earnings before taxes (EBT) and sales of the HORNBAACH Holding AG & Co. KGaA Group.

The comparison with the development in average remuneration paid to employees has been based on the employees at HORNBAACH Holding AG & Co. KGaA, HORNBAACH Baumarkt AG, and HORNBAACH Baustoff Union GmbH on a full-time equivalent basis.

¹¹ The figure presented corresponds to the remuneration paid for mandates at Group companies of HORNBAACH Management AG (§ 162 (1) Sentence 1 AktG in conjunction with § 290 HGB) for periods in which the respective Supervisory Board member was simultaneously a member of the Supervisory Board of HORNBAACH Management AG.

Annual change in %	2022/23 compared with 2021/22¹²	2021/22 compared with 2020/21
Supervisory Board remuneration¹³		
Dr. John Feldmann	2%	5%
Melanie Thomann-Bopp	28%	n/a
Albert Hornbach	0%	0%
Arnulf Hornbach	55%	n/a
Johann Hornbach	55%	n/a
Simone Krah	55%	n/a
Maria Olivier	519%	n/a
Vanessa Stütze (since July 8, 2022)	n/a	n/a
Prof. Dr. Ing. Jens P. Wulfsberg (until July 8, 2022)	-72%	-4%
Dr. Susanne Wulfsberg	-30%	-5%
Earnings performance		
Annual net surplus at KGaA	-4.9%	4.3%
Earnings before taxes (EBT) ¹⁴ at Group	-30.5%	18.1%
Sales at Group	6.6%	7.7%
Remuneration of employees		
Employees of HORNBACH Holding AG & Co. KGaA, HORNBACH Baumarkt AG, and HORNBACH Baustoff Union GmbH	3.8%	1.0%

¹² Pursuant to the transitional requirement in § 26j (2) Sentence 2 EGAktG, through to the conclusion of the 2025/26 financial year, the comparative analysis should only include average remuneration in the period since the 2020/21 financial year, rather than the average remuneration in the past five financial years.

¹³ “Granted and owed” remuneration as defined in § 162 (1) Sentence 1 AktG

¹⁴ Consolidated earnings before taxes on income

C. Remuneration of members of Supervisory Board of HORNBAACH Holding AG & Co. KGaA

I. Overview of remuneration

The new version of § 113 (3) AktG resulting from ARUG II requires the annual general meeting of listed companies to adopt a resolution on the remuneration of supervisory board members at least once every four years. The Supervisory Board of HORNBAACH Holding AG & Co. KGaA and the General Partner of HORNBAACH Management AG presented the remuneration system for the adoption of a resolution by the Annual General Meeting on July 10, 2020. The Annual General Meeting on July 10, 2020 confirmed the remuneration with 99.96% of the votes cast and adopted the remuneration system.

The remuneration of the Supervisory Board is governed by § 17 of the Articles of Association of HORNBAACH Holding AG & Co. KGaA. The remuneration of Supervisory Board members comprises fixed annual basic remuneration and inclusion in a financial loss liability insurance policy maintained by HORNBAACH Holding AG & Co. KGaA. The fixed annual basic remuneration amounts to € 50,000.00 for the Chair of the Supervisory Board, € 40,000.00 for the Deputy Chair of the Supervisory Board, and € 20,000.00 for each other member of the Supervisory Board. Furthermore, Supervisory Board members also sitting on a Supervisory Board committee receive fixed committee remuneration. Fixed committee remuneration amounts to € 22,500.00 for the Chair and € 9,000.00 for each other member in the Audit Committee, and to € 10,000.00 for the Chair and € 4,000.00 for each other member in all other committees.

The fixed annual basic remuneration and fixed committee remuneration are granted for each financial year and are each due for payment after the Annual General Meeting to which the annual financial statements for the respective financial year are presented. Remuneration is proportionately reduced on a pro rata temporis basis if a member of the Supervisory Board or a committee is not a member of such for the full financial year or does not chair the respective body for the full financial year.

HORNBAACH Holding AG & Co. KGaA reimburses any sales tax incurred on the fixed annual basic remuneration and the fixed committee remuneration to the extent that Supervisory Board members are entitled to charge the company separately for sales tax and exercise this right.

If a member of the Supervisory Board is at the same time a member of the Supervisory Board of the General Partner and receives remuneration from the General Partner for his or her activities, the fixed annual basic remuneration and fixed committee remuneration are reduced by half. The same applies with respect to the additional portion of remuneration paid to the Chair and Deputy Chair if the relevant person is at the same time the Chair or Deputy Chair of the Supervisory Board of the General Partner.

Furthermore, Supervisory Board members are included in a financial loss liability insurance policy maintained by HORNBAACH Holding AG & Co. KGaA at its own expense for its directors and officers.

Given that its structure conforms to market norms, the Supervisory Board remuneration makes it possible to attract suitable candidates for the position of Supervisory Board member. The Supervisory Board remuneration therefore helps to ensure that the Supervisory Board as a whole is able to perform its duties of supervising and advising the General Partner in an appropriate and competent manner and thus promotes the business strategy and long-term development of HORNBAACH Holding AG & Co. KGaA.

II. Remuneration of Supervisory Board members in 2022/23 financial year

1. Supervisory Board members in 2022/23 financial year

The following individuals were members of the Supervisory Board of HORNBAACH Holding AG & Co. KGaA in the 2022/23 financial year:

- Dr. John Feldmann (Chair)
- Martin Hornbach (Deputy Chair)
- Simone Krah
- Simona Scarpaleggia
- Vanessa Stütze (since July 8, 2022)
- Melanie Thomann-Bopp
- Prof. Dr.-Ing. Jens P. Wulfsberg (until July 8, 2022)

2. Remuneration granted and owed to Supervisory Board members active in 2022/23 financial year

The table below presents the remuneration granted and owed to individual Supervisory Board members in the 2022/23 financial year. The concept “granted and owed” remuneration is based on the same definition as outlined above in Section A.II.2. The remuneration reported in the table therefore presents the amounts actually received in the 2022/23 financial year.

	Fixed remuneration				Committee activity				Total		Remuneration from other Group mandates ¹⁵	
	2022/23		2021/22		2022/2023		2021/22		2022/23	2021/22	2022/23	2021/22
	in €	in %	in €	in %	in €	in %	in €	in %	in €	in €	in €	in €
Dr. John Feldmann	25,000	68	25,000	68	11,500	32	11,500	32	36,500	36,500	64,000	64,000
Martin Hornbach	40,000	82	40,000	82	9,000	18	9,000	18	49,000	49,000	35,000	35,000
Simone Krah	10,000	54	13,534	54	8,500	46	11,504	46	18,500	25,038	0	0
Simona Scarpaleggia	20,000	100	20,000	100	0	0	0	0	20,000	20,000	20,000	20,000
Melanie Thomann-Bopp	10,000	35	13,534	37	18,250	65	23,385	63	28,250	36,919	42,500	42,500
Prof. Dr.-Ing. Jens P. Wulfsberg (until July 8, 2022)	3,562	100	1,616	100	0	0	0	0	3,562	1,616	109	16,767
Vanessa Stütze (since July 8, 2022)	6,466	100	0	100	0	0	0	0	6,466	0	0	0

¹⁵ The figure presented corresponds to the remuneration paid for mandates at Group companies of HORNBAACH Holding AG & Co. KGaA (§ 162 (1) Sentence 1 AktG in conjunction with § 290 HGB) for periods in which the respective Supervisory Board member was simultaneously a member of the Supervisory Board of HORNBAACH Holding AG & Co. KGaA. Pursuant to this definition, HORNBAACH Management AG is not a Group company of HORNBAACH Holding AG & Co. KGaA.

III. Comparative presentation

The table below presents a comparison of the percentage change of the remuneration paid to Supervisory Board members with the earnings performance of HORNBAACH Holding AG & Co. KGaA and with average remuneration paid to employees on a full-time equivalent basis compared with the previous year.

The earnings performance is presented by reference to the relative change in the key figures of the annual net surplus at HORNBAACH Holding AG & Co. KGaA (separate financial statements) and the earnings before taxes (EBT) and sales of the HORNBAACH Holding AG & Co. KGaA Group.

The comparison with the development in average remuneration paid to employees has been based on the employees at HORNBAACH Holding AG & Co. KGaA, HORNBAACH Baumarkt AG, and HORNBAACH Baustoff Union GmbH on a full-time equivalent basis.

Annual change in %	2022/23 compared with 2021/22 ¹⁶	2021/22 compared with 2020/21
Supervisory Board remuneration¹⁷		
Dr. John Feldmann	0%	0%
Martin Hornbach	0%	0%
Simone Krahl	-26%	-32%
Simona Scarpaleggia	0%	3%
Vanessa Stützle (since July 8, 2022)	n/a	n/a
Melanie Thomann-Bopp	-11%	-15%
Prof. Dr. Ing. Jens P. Wulfsberg (until July 8, 2022)	-80%	n/a
Earnings performance		
Annual net surplus at KGaA	-4.9%	4.3%
Earnings before taxes (EBT) ¹⁸ at Group	-30.5%	18.1%
Sales at Group	6.6%	7.7%
Remuneration of employees		
Employees of HORNBAACH Holding AG & Co. KGaA, HORNBAACH Baumarkt AG, and HORNBAACH Baustoff Union GmbH	3.8%	1.0%

Neustadt an der Weinstrasse, May 12, 2023

For the Supervisory Board:

For the General Partner:

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

Albrecht Hornbach
Chief Executive Officer of
HORNBAACH Management AG

Karin Dohm
Board of Management of
HORNBAACH Management AG"

¹⁶ Pursuant to the transitional requirement in § 26j (2) Sentence 2 EGAktG, through to the conclusion of the 2025/26 financial year, the comparative analysis should only include average remuneration in the period since the 2020/21 financial year, rather than the average remuneration in the past five financial years.

¹⁷ "Granted and owed" remuneration as defined in § 162 (1) Sentence 1 AktG

¹⁸ Consolidated earnings before taxes on income.

REPORT OF THE INDEPENDENT AUDITOR ON THE AUDIT OF THE REMUNERATION REPORT IN ACCORDANCE WITH SECTION 162 (3) AKTG

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

Audit Opinion

We conducted a formal audit of the remuneration report of Hornbach Holding AG & Co. KGaA, Neustadt/Germany, for the financial year from 1 March 2022 to 28 February 2023 to assess whether the disclosures required under Section 162 (1) and (2) German Stock Corporation Act (AktG) have been made in the remuneration report. In accordance with Section 162 (3) AktG, we did not audit the content of the remuneration report.

In our opinion, the disclosures required under Section 162 (1) and (2) AktG have been made, in all material respects, in the accompanying remuneration report. Our audit opinion does not cover the content of the remuneration report.

Basis for the Audit Opinion

We conducted our audit of the remuneration report in accordance with Section 162 (3) AktG and in compliance with the IDW Auditing Standard: Audit of the Remuneration Report pursuant to Section 162 (3) AktG (IDW AuS 870 (08.2021)). Our responsibilities under those requirements and this standard are further described in the “Auditor’s Responsibilities” section of our report. Our audit firm has applied the IDW Quality Assurance Standard: Requirements for Quality Management in the Audit Firm (IDW QS 1). We have fulfilled our professional responsibilities in accordance with the German Public Auditor Act (WPO) and the Professional Charter for German Public Auditors and German Sworn Auditors (BS WP/vBP) including the requirements on independence.

Responsibilities of the Executive Board and the Supervisory Board

The executive board and the supervisory board are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of Section 162 AktG. In addition, they are responsible for such internal control as they consider necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibilities

Our objective is to obtain reasonable assurance about whether the disclosures required under Section 162 (1) and (2) AktG have been made, in all material respects, in the remuneration report, and to express an opinion on this in a report.

We planned and conducted our audit in such a way to be able to determine whether the remuneration report is formally complete by comparing the disclosures made in the remuneration report with the disclosures required under Section 162 (1) and (2) AktG. In accordance with Section 162 (3) AktG, we have neither audited the correctness of the content of the disclosures, nor the completeness of the content of the individual disclosures, nor the adequate presentation of the remuneration report.

Handling of Possible Misrepresentations

In connection with our audit, our responsibility is to read the remuneration report taking into account our knowledge obtained in the financial statement audit while remaining attentive to any signs of misrepresentations in the remuneration report regarding the correctness of the disclosures' contents, the completeness of individual disclosures' contents or the adequate presentation of the remuneration report.

If, based on the work we have performed, we conclude that there is such a misrepresentation, we are required to report that fact. We have nothing to report in this regard.

Mannheim/Germany, 12 May 2023

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

Signed:

Steffen Schmidt

Wirtschaftsprüfer

(German Public Auditor)

Signed:

Patrick Wendlandt

Wirtschaftsprüfer

(German Public Auditor)"

2. Disclosures about Supervisory Board candidates

Dr. John Feldmann

Born in: 1949

Nationality: Germany

Studies in chemistry at the University of Hamburg, graduating with doctorate

Professional career:

1980-1988 Various management functions at CPC Europe Ltd (from 1986: Grupo Ferruzzi)

1988-1999 Various management positions at BASF AG, responsible for marketing, strategic planning, and the South and South-East Asia region

2000-2011 Member of Executive Board at BASF SE

2011-2019 Chair of Supervisory Board at KION GROUP AG

2012-2014 Chairman of Board of Hertie Foundation

Membership of statutory supervisory boards:

- HORNBACH Baumarkt AG (Deputy Chair) – *Group mandate* –
- HORNBACH Management AG (Chair) – *Group mandate* –

Membership of comparable German and foreign control bodies:

- None

Relevant knowledge, skills, and professional expertise:

Given his longstanding activity as a member of the executive and/or supervisory boards of international listed industrial companies, Dr. John Feldmann has gained extensive experience in strategic and operative corporate management. In particular, Dr. Feldmann has clear expertise in strategic planning and corporate development. Furthermore, he can contribute his expertise in accounting, auditing, board activities, sustainability, and corporate governance to the work of the Supervisory Board.

Martin Hornbach

Born in: 1954

Nationality: German

Studies at colleges in Karlsruhe, Mannheim and Ludwigshafen, graduate in industrial engineering

Professional career:

1983-1986 Head of organization and IT at Röhrenlager Mannheim AG

1986-1995 Head of strategy and IT consulting division at management consultants CSC Ploenzke

1995-2001 Employee in IT and logistics department at HORNBACH Baumarkt AG; member of Board of Management responsible for this area from 1998

since 2001 Managing Partner at Corivus Gruppe GmbH

2002-2014 Partner, strategy consultant, and since 2008 member of Executive Board at Corivus AG

2008-2014 Managing Director at Sanrivus GmbH

Membership of statutory supervisory boards:

- Corivus AG (Chair) – not publicly listed –
- HORNBACH Baumarkt AG – *Group mandate* –

Membership of comparable German and foreign control bodies:

- None

Relevant knowledge, skills, and professional expertise:

Martin Hornbach has longstanding experience as a strategy and management consultant, particularly in the fields of logistics and IT. As a former member of the Board of Management of HORNBACK Baumarkt AG, Mr. Hornbach has in-depth knowledge of the Group.

Simone Krah

Born in: 1974

Nationality: German

Studies in political sciences/medieval and modern history at Justus-Liebig-Universität Giessen and Rheinische Friedrichs-Wilhelms-Universität Bonn, graduating with an M.A.

Professional career:

2000-2001 Professional training at Fuldaer Zeitung
2002-2004 Assistant at Hessen's State Chancellery in Wiesbaden, specializing in press and public relations
2004-2013 Managing Member of the Presidium, MMM-Club e.V.
since 2013 (Managing) President of MMM-Club e.V.

Membership of statutory supervisory boards:

- HORNBACK Management AG – *Group mandate* –

Membership of comparable German and foreign control bodies:

- Food Campus Berlin (Advisory Board) – not publicly listed –

Relevant knowledge, skills, and professional expertise:

As President of the MMM-Club (Modern Market Methods), Simone Krah is extremely familiar with the latest developments in the consumer goods industry. One core aspect of her activity involves sharing experiences with the latest trends and topics in the retail sector on national and international levels and with state-of-the-art approaches to retail and sales. Ms. Krah can contribute this expertise to the work of the Supervisory Board.

Simona Scarpaleggia

Born in: 1960

Nationality: Italian

Studies in Political Sciences at L.U.I.S.S. University in Rome, graduating with a master's degree; Master in Business Administration at SDA Bocconi Business School in Milan and Doctor of Letters Honoris Causa from the International University in Geneva

Professional career:

1983-1985 Specialist for industrial and trade union relations within the Montedison Group
1985-1988 HR manager at the sub-holding Iniziativa Me. TA at the Montedison Group
1988-1994 HR director at C.E.I Compagnia Elettrotecnica Italiana S.p.A.
1994-2000 HR director at Sara Lee D.E. Italy S.p.A.
2000-2004 HR director at IKEA Italia Retail s.r.l.
2004-2007 Store manager at Porta di Roma store at IKEA Italia Retail s.r.l.
2007-2010 Deputy country manager at IKEA Italia Retail s.r.l.
2009-2011 Co-founder and first president at Valore D (association of companies supporting gender balance and women's advancement in their organization)
2010- 10/2019 CEO of IKEA AG Switzerland
2011-2015 Board member of the Italian Swiss Chamber of Commerce

2013-2017	Co-founder and first president of “Advance – Women in Swiss Business”
2016-2017	Co-chair of the United Nations “High-Level Panel on Women’s Economic Empowerment”
10/2019- 08/2020	Head of global initiative “Future of Work” at the Ingka Group (IKEA)
09/2020-2021	Global CEO at EDGE Strategy AG
since 05/2023	Member of Consiglio di Amministrazione at GVS S.p.A.

Membership of statutory supervisory boards:

- EDGE Strategy AG (Member) – not publicly listed –
- HORNBACH Baumarkt AG – *Group mandate* –
- Brainforest AG (Member) – not publicly listed –

Membership of comparable German and foreign control bodies:

- ZHdK (Zurich University of the Arts), Member of Advisory Board – not publicly listed –
- Economics Faculty of Zurich University, Member of Advisory Board – not publicly listed –
- Faculty of International Management at St. Gallen University, Member of Advisory Board – not publicly listed –
- Consiglio di Amministrazione at GVS S.p.A. (Member) – publicly listed –

Relevant knowledge, skills, and professional expertise:

Simona Scarpaleggia joined IKEA Italy as an HR manager in 2000. From 2010 to 2019, she was CEO of IKEA Switzerland. From 2019 to 2020, Simona Scarpaleggia was head of the global initiative “Future of Work” at the Ingka Group (IKEA). In 2013, she founded «Advance – Women in Swiss Business». From 2016 to 2017, she was Co-Chair of the United Nations “High-Level Panel on Women’s Economic Empowerment”. Furthermore, she contributes her expertise in the topics of HR management, communications, and sustainability to the activities of the Supervisory Board.

Vanessa Stütze

Born in: 1978

Nationality: German

Studies in business administration at Cologne University, graduating with a master’s degree

Professional career:

2003-2005	SBK GmbH, Consultant
2005-2011	Esprit Europe GmbH, Head of E-Commerce Marketing & Sales
2011-2014	s.Oliver Bernd Freier GmbH & Co. KG, Head of E-Commerce & CRM
2014-2017	s.Oliver Bernd Freier GmbH & Co. KG, Chief Digital Officer
2018-2022	Member of Supervisory Board of HORNBACH Baumarkt AG
2018-2020	Parfümerie Douglas GmbH, Managing Director of E-Commerce/Omni-Channel
2020-09/2022	Chief Digital Officer and Member of Management of Douglas Group
since 09/2022	Chief Executive Officer of LUQOM GROUP

Membership of statutory supervisory boards:

- IONOS SE – publicly listed –
- HORNBACH Management AG – *Group mandate* –

Membership of comparable German and foreign control bodies:

- None

Relevant knowledge, skills, and professional expertise:

Given her longstanding activity as an e-commerce specialist, Vanessa Stütze has specific expertise in digitization, a key area for the HORNBACH Group and a growth field for the DIY store sector. In her career to date, Ms. Stütze has already gained in-depth knowledge of the international retail sector and is familiar with the challenges in European online retail. Her range of experience also includes sustainability-related matters.

Melanie Thomann-Bopp

Born in: 1978

Nationality: German

Studies in business administration at Westfälische Wilhelms-Universität Münster, graduating with a master's degree

Professional career:

2003-2005	Douglas-Holding AG, , project manager, Organization/Internal Consulting department
2005-2008	Douglas-Holding AG, Director of Organization/Internal Consulting department
2008-2009	Douglas-Holding AG, Director of Group Development department
2009-2012	Parfümerie Douglas GmbH, Director of Business Development
2012-2017	CHRIST Juweliere und Uhrmacher GmbH, CFO / Commercial Director
2018-04/2021	Sonova Retail Deutschland GmbH, CFO
since 04/2021	Nolte Küchen GmbH & Co. KG and Express Küchen GmbH & Co. KG, Managing Director
since 10/2022	Co-editor of "Der Aufsichtsrat" journal

Membership of statutory supervisory boards:

- HORNBACH Baumarkt AG – *Group mandate* –
- HORNBACH Management AG – *Group mandate* –

Membership of comparable German and foreign control bodies:

- Peek & Cloppenburg KG Hamburg (Deputy Chair of Advisory Board) – not publicly listed –
- Landesbank Baden-Württemberg (Member of Customer Advisory Council; since January 2023) – not publicly listed –

Relevant knowledge, skills, and professional expertise:

Melanie Thomann-Bopp has far-reaching expertise and experience in all areas of finance. In particular, these include financial reporting, planning, controlling, and risk management. In her career, she has held various management positions at retail companies and, based on this experience, is absolutely familiar with the retail sector. Ms. Thomann-Bopp can contribute in-depth knowledge and expertise in the strategic alignment and development of companies, as well as in sustainability-related matters, to the work of the Supervisory Board.

3. Remuneration system for Supervisory Board members

a. Contribution made by remuneration system to promoting business strategy and long-term development

As its structure conforms to market norms, the Supervisory Board remuneration makes it possible to attract suitable candidates for positions as Supervisory Board members. Supervisory Board remuneration therefore helps to ensure that the Supervisory Board as a whole is able to perform its duties of supervising and advising the General Partner in an appropriate and competent manner and thus promotes the business strategy and long-term development of HORNBACH Holding AG & Co. KGaA.

b. Remuneration components

The remuneration of Supervisory Board members comprises fixed annual basic remuneration and inclusion in a financial loss liability insurance policy maintained by HORNBACH Holding AG & Co. KGaA. The fixed annual basic remuneration amounts to € 80,000 for the Chair of the Supervisory Board, € 60,000 for the Deputy Chair of the Supervisory Board, and € 40,000 for each other member of the Supervisory Board. Furthermore, Supervisory Board members also sitting on a Supervisory Board committee receive fixed committee remuneration. Fixed committee remuneration amounts to:

- Audit Committee: € 36,000 for the Chairman and € 18,000 for each other committee member; and
- All other committees: € 16,000.00 for the Chair and € 8,000.00 for each other committee member.

The fixed annual basic remuneration and fixed committee remuneration are granted for each financial year and are each due for payment on the day after the Annual General Meeting adopting the annual financial statements for the respective financial year. Remuneration is proportionately reduced on a pro rata temporis basis if a member of the Supervisory Board or a committee is not a member of such for the full financial year or does not chair the respective body for the full financial year.

HORNBAACH Holding AG & Co. KGaA reimburses any sales tax incurred on the fixed annual basic remuneration and the fixed committee remuneration to the extent that Supervisory Board members are entitled to charge the company separately for sales tax and exercise this right. Furthermore, the company pays or reimburses the Supervisory Board member for any employer contributions to social insurance incurred under foreign legislation due to the member's activity on the Supervisory Board.

Furthermore, Supervisory Board members are included in a financial loss liability insurance policy maintained by HORNBAACH Holding AG & Co. KGaA at its own expense for its directors and officers.

c. Procedure for determining, implementing, and reviewing the remuneration system

At the proposal of the General Partner and the Supervisory Board, the Annual General Meeting determines Supervisory Board remuneration in the Articles of Association or by adopting a resolution. At present, Supervisory Board remuneration is stipulated in the Articles of Association. The Annual General Meeting adopts a resolution on Supervisory Board remuneration at least once every four years. To prepare the resolution to be adopted by the Annual General Meeting, the General Partner and Supervisory Board each review whether the Supervisory Board remuneration is still in the interests of HORNBAACH Holding AG & Co. KG and appropriate, particularly in respect of its amount and structure. If necessary, the General Partner and the Supervisory Board propose a suitable adjustment for approval by the Annual General Meeting.

4. Report of the General Partner to the Annual General Meeting pursuant to § 278 (3), § 221 (4) Sentence 2, § 186 (4) Sentence 2 AktG (Agenda Item 9)

An appropriate capital base and financing form an important basis for the company's further development and its successful capital market presence. By issuing convertible and/or option bonds, the company may, depending on market circumstances and its financing needs, be able to draw on attractive financing opportunities with comparatively low interest rates in order, for example, to obtain debt capital for the company on favorable terms. Furthermore, issuing convertible and/or option bonds may enable the company to access new groups of investors. Moreover, the company stands to benefit from the conversion and/or option premiums received upon issue.

This being so, the General Partner and the Supervisory Board deem it expedient to enable the company to issue convertible and/or warrant bonds and, if applicable, also to exclude shareholders' subscription rights.

The authorization proposed in Agenda Item 9 is intended to enable the General Partner in the period up to (and including) July 6, 2028, subject to approval by the Supervisory Board, to issue bearer convertible bonds or warrant bonds (hereinafter collectively "**bonds**") on one or several occasions and with or without limited terms up to a total nominal amount of € 250,000,000.00 and to confer or impose conversion and/or option rights and/or conversion obligations on the bearers or creditors of the bonds to subscribe to a total of up to 1,600,000 new no-par bearer shares in the company with a prorated share of share capital amounting to a total of up to € 4,800,000.00 (corresponding to 10% of current share capital) in accordance with the more detailed stipulations set out in the terms and conditions of the bonds (hereinafter collectively "**bond conditions**"). The bonds may also be furnished with a variable return that may be fully or partly linked to the level of dividend paid by the company.

The aggregate total of shares that are, may be, or must be issued to satisfy conversion and/or option rights or meet conversion obligations from Conditional Capital 2023/I as a result of the issuing of bonds, and of shares issued during the term of this authorization by drawing on authorized capital (in particular Authorized Capital 2021) or otherwise, may not – even if subscription rights are granted to shareholders upon the issuing of bonds or shares – exceed a total amount of share capital of € 9,600,000.00 (corresponding to 20% of current share capital) either at the time at which this authorization becomes effective or at the time at which it is utilized (mutual imputation). In conjunction with the more far reaching restriction outlined below, namely that the direct or indirect issue of shares from authorized or conditional capital due to bonds or shares issued to the exclusion of shareholders' subscription rights during the term of this authorization is restricted to an aggregate total that may not exceed 10% of existing shares, or of shares existing upon the issue of bonds, this requirement should ensure suitable protection against dilution for shareholders.

When issuing bonds, the company should, depending on market conditions, draw on the German or international capital markets and be able to issue the bonds not only in euros but also in the legal currency of any OECD country in an amount limited to the equivalent euro amount. The bonds may also be issued by a domestic or foreign company in which the company directly or indirectly holds a majority of the votes and capital (hereinafter “**majority shareholding**”); in this case, the General Partner is authorized, subject to approval by the Supervisory Board, to assume a guarantee towards the majority shareholding to cover repayment of the bonds, and to grant conversion and/or option rights to company shares to the bearers or creditors of such bonds and/or to meet conversion obligations with company shares, and to submit further declarations and perform further actions required for a successful issue.

Conditional Capital 2023/I, which is to be newly created and included in § 4 (4) of the Articles of Association serves exclusively to grant new shares to bearers or creditors of convertible and/or warrant bonds issued on the basis of the authorization in Agenda Item 9.

The nominal amount of Conditional Capital 2023/I, which is limited to € 4,800,000.00, corresponds to 10% of the company's existing share capital upon the meeting being convened. New shares will be issued from Conditional Capital 2023/I at the conversion or option price to be stipulated in accordance with the authorization. Pursuant to § 193 (2) No. 3 AktG, the authorization merely sets out the basic principles for determining the relevant minimum issue amount, thus providing the company with the necessary flexibility when stipulating conditions. The conditional capital increase is only to be executed to the extent that conversion or option rights from the aforementioned bonds are utilized or the conversion obligations from such bonds are met and only to the extent that other means have not been drawn on or are not drawn on to satisfy the resultant obligations.

Subscription rights must generally be granted to shareholders upon the issue of bonds (§ 278 (3) and § 221 (4) in conjunction with § 186 (1) AktG). If the bonds are issued by a majority shareholding, the company must safeguard the granting of statutory subscription rights for shareholders. To facilitate execution, pursuant to § 186 (5) AktG, the bonds may be fully or partly issued by a bank or several banks that assume the obligation to offer them to shareholders for subscription (so-called “**indirect subscription rights**”). Subject to approval by the Supervisory Board, the General Partner should also be permitted to structure subscription rights partly as direct and otherwise as indirect subscription rights. In particular, it may be expedient and in the company's interests due to cost considerations to offer bonds directly for subscription by a major shareholder with subscription rights that has committed in advance to accept a fixed number of (partial) bonds corresponding to its subscription rights in order to avoid the fees that would otherwise be incurred by the company at issuing banks for indirect subscription rights. For shareholders who are offered the bonds by way of indirect subscription rights, this does not involve any substantial restriction to their subscription rights.

In accordance with legal requirements and subject to approval by the Supervisory Board, the General Partner should nevertheless be authorized to exclude shareholders' subscription rights in the cases presented in detail below:

- a) Subject to approval by the Supervisory Board, the General Partner should be permitted to exclude subscription rights for residual amounts. This exclusion of subscription rights serves to facilitate the execution of an issue with general subscription rights for shareholders, as it enables a technically feasible subscription ratio to be implemented. The value of residual amounts per shareholder is generally low. The potential dilutive effect is therefore also to be considered insubstantial. By contrast, the expenses that would be incurred to execute the issue without such exclusion are significantly higher. This exclusion therefore benefits the practical implementation of the issue and facilitates its execution. In view of this, the General Partner and the Supervisory Board believe that the exclusion of subscription rights is justified in the circumstances and, having duly considered their interests, also appropriate for shareholders.
- b) Furthermore, when issuing bonds the General Partner is to be authorized, subject to approval by the Supervisory Board and with corresponding application of § 186 (3) Sentence 4 AktG, to exclude subscription rights to the extent that the bonds are issued in return for cash and, following due examination, the General Partner concludes that the issue price does not fall materially short of the theoretical market value of the bonds with conversion or option rights or conversion obligations determined on the basis of recognized and in particular mathematical principles. However, this authorization to exclude subscription rights for bonds with conversion and/or option rights or conversion obligations only applies to shares for which the total attributable prorated share of share capital does not exceed 10% either at the time at which this authorization becomes effective or at which it is exercised. Shares issued or sold by the company to

the exclusion of shareholders' subscription rights during the term of this authorization as a result of another authorization (in particular Authorized Capital 2021) with direct or corresponding application of § 186 (3) Sentence 4 AktG are imputed to this 10% limit of share capital. Shares and subscription rights that may or must be issued by the company during the term of this authorization to satisfy conversion or option rights or to meet conversion or option obligations for bonds with option and/or conversion rights or obligations (or a combination of these instruments) are also imputed to this number, provided that such bonds conferring corresponding conversion or option rights or imposing corresponding conversion obligations are issued to the exclusion of shareholders' subscription rights during the term of this authorization as a result of another authorization.

This exclusion of subscription rights may be expedient in enabling the company to respond swiftly to favorable situations on the capital markets and to act quickly and flexibly in placing a bond on the market on attractive conditions. As equity markets may be volatile, the achievement of the most advantageous possible issue proceeds increasingly depends on the ability to react at short notice to market developments. In general, favorable conditions as close to the market as possible can only be stipulated if the company is not bound by these for too long a subscription period. To secure the chances of the issue being successful throughout the subscription period, issues with subscription rights generally require a not inconsiderable safety markdown. It is true that § 186 (2) AktG permits delaying publication of the subscription price (and thus for warrant and convertible bonds the conditions of the bond) to the third day before the expiry of the subscription period. Given the volatility on the stock markets, however, even then there would be a market risk lasting several days that would lead to safety markdowns upon stipulation of the bond conditions. The uncertainty as to whether any subscription rights granted will be exercised (subscription behavior) also makes it more difficult to place such rights with alternative third parties and also involves additional expense. Finally, due to the length of the subscription period, when it grants subscription rights the company is unable to react at short notice to changes in market circumstances. This may lead to less favorable capital procurement terms for the company.

Shareholders' interests are protected in that the bonds may not be issued at prices significantly lower than market value. This market value is to be determined on the basis of recognized and in particular mathematical principles. When setting the price, the General Partner will account for the respective situation on the capital markets and keep the markdown to market value as low as possible. This way, the imputed value of a subscription right will be so low that shareholders cannot suffer any notable economic disadvantage due to the exclusion of subscription rights.

Ensuring that the conditions stipulated are close to market and thus avoiding any notable dilution of value may also be achieved by the General Partner executing a book-building process. This involves requesting investors to submit purchase requests based on preliminary bond terms and, for example, specifying the coupon that is deemed close to market and/or other economic components. Upon completion of the book-building period and based on the purchase requests submitted by investors, the conditions still undetermined, such as the coupon, are stipulated close to market on the basis of supply and demand. This way, the total value of the bonds is determined close to market. By implementing a book-building process of this nature, the General Partner can ensure that the value of shares is not diluted to any notable extent due to the exclusion of subscription rights.

Furthermore, shareholders have the opportunity to maintain their share of the company's share capital at approximately the same conditions by purchasing shares via the stock market. This way, they can protect their asset interests as appropriate.

- c) The authorization to exclude subscription rights in favor of the bearers or creditors of conversion and/or option rights and/or the bearers or creditors of bonds furnished with conversion obligations serves the following purpose: Should this authorization be utilized, then the conversion or option price need not be reduced in line with the anti-dilution clauses stipulated in the conversion and/or option conditions. Subscription rights can then rather be offered to the bearers or creditors of conversion and/or option rights and/or the bearers or creditors of bonds furnished with conversion obligations to the extent to which they would be entitled having exercised their conversion or option rights or met their conversion obligations. This authorization provides the General Partner with the possibility, following careful consideration and subject to approval by the Supervisory Board, of selecting between both alternatives when drawing on the authorization.

Finally, the protection of shareholders against any inappropriate dilution in their shareholdings is ensured by the requirement that, including shares issued to the exclusion of shareholders' subscription rights during the term of this authorization by drawing on authorized capital (in particular Authorized Capital 2021) or otherwise, the aggregate total of shares that have been, may be, or must be issued to the exclusion of shareholders' subscription rights to satisfy conversion and/or option rights or meet conversion obligations may not exceed an amount of share capital totaling € 4,800,000.00 (corresponding to 10% of existing share capital) either at the time at which this authorization becomes effective or at the time at which it is utilized (mutual imputation).

There are currently no specific plans to utilize the authorization to issue bonds proposed in Agenda Item 9. It is nevertheless customary for companies, whether in Germany or abroad, to have corresponding anticipatory resolutions. All cases hereby proposed in which subscription rights are excluded require approval by the Supervisory Board. Furthermore, the General Partner will in all cases carefully review whether utilization of the authorization to issue bonds proposed in Agenda Item 9 is in the company's interests; in particular, it will also review whether exclusion of subscription rights is justified in individual cases.

The General Partner will report to the subsequent Annual General Meeting on any utilization of the aforementioned authorizations to exclude subscription rights if bonds are issued in a given financial year.

III. Notes regarding the agenda items

The approved annual financial statements of HORNBAACH Holding AG & Co. KGaA for the 2022/2023 financial year, the approved consolidated financial statements for the 2022/2023 financial year, the combined management report for HORNBAACH Holding AG & Co. KGaA and the Group, and the explanatory report of the General Partner in respect of the disclosures made pursuant to § 289a and § 315a HGB, the report by the Supervisory Board on the 2022/2023 financial year, which was adopted by the Supervisory Board and signed by the Chairman of the Supervisory Board, as well as the proposal by the General Partner and the Supervisory Board on the utilization of unappropriated net profit, have been available pursuant to § 175 (2) Sentence 4 AktG and § 124a AktG in the Investor Relations section of the website of HORNBAACH Holding (www.hornbach-holding.de/en/investor-relations/annual-general-meeting/) since the date on which the Annual General Meeting was convened and will also be available for inspection there during the Annual General Meeting on July 7, 2023.

IV. Further information about the convening of the meeting

1. Conditions for participating in the meeting and exercising voting rights

Pursuant to § 20 (1) of the Articles of Association, to be entitled to participate in the Annual General Meeting and exercise their voting rights, shareholders and/or their authorized representatives must have registered and submitted proof of their shareholding to the company in good time ahead of the Annual General Meeting. In order to provide proof of shareholding, a certification issued in text form in German or English by the depository financial institution or documentary evidence pursuant to § 67c (3) AktG which refers to the beginning of the 21st day prior to the Annual General Meeting, i.e. **Friday, June 16, 2023, 0:00 hours (CEST)**, ("record date") will be sufficient.

Both the registration and the proof of shareholding must have been received by the company at least six days prior to the Annual General Meeting (not counting the date of the Annual General Meeting and the date of receipt), i.e. by the latest on **Friday, June 30, 2023, 24:00 hours (CEST)**, at the following post or e-mail address:

HORNBAACH Holding AG & Co. KGaA
c/o Better Orange IR & HV AG
Haidelweg 48
81241 Munich
Germany

E-mail: hornbach-holding@better-orange.de

The company is entitled to request further appropriate proof should it have any doubts as to the correctness or authenticity of the proof. Should such proof not be provided, or not in suitable form, then the company is entitled to reject the shareholder in question pursuant to § 20 (3) of the Articles of Association.

2. Significance of the record date

From the perspective of the company, only those persons or institutions having presented proof of shareholding are deemed as shareholders entitled to participate in the Annual General Meeting and exercise their voting rights. The right to participate in the Annual General Meeting and scope of voting rights are measured solely in terms of the shareholding held by the shareholder at the record date.

The record date does not involve any restriction on the disposability of such shareholding. Even when such shareholding is disposed of completely or in part following the record date, shareholders' participation in the Annual General Meeting and the scope of their voting rights are based solely on the shareholding held by the shareholder on the record date, i.e. disposals or other assignments of shares following the record date have no implications for their entitlement to participate in the Annual General Meeting and the scope of their voting rights. The same applies for the acquisition of shares or any increase in the number of shares held following the record date.

Persons not yet holding any shares as of the record date and only becoming shareholders subsequently are not entitled to participate or exercise any voting rights, unless they have been authorized as proxies or empowered to exercise such rights.

The record date has no implications for dividend entitlement.

3. Voting procedures, proxy voting

- a. Shareholders not wishing to participate in the Annual General Meeting themselves are entitled to have their voting rights at the Annual General Meeting exercised by an authorized representative, e.g. a shareholders' association or a person of their choice, or by the voting proxy appointed by the company. In these cases as well, shareholders must register for the Annual General Meeting in due time and submit proof of their shareholding in accordance with the aforementioned requirements.

The issuing of a power of attorney, its revocation, and the proof of authorization vis-à-vis the company must be made in text form, unless the authorized representative is an intermediary (e.g. a financial institution), a shareholders' association, or any other equivalent person or institution pursuant to § 135 AktG.

Powers of attorney may be issued vis-à-vis the company or the authorized representative. When issued vis-à-vis the authorized representative, proof of such must be provided to the company. This proof can be provided by the authorized representative presenting the power of attorney at the entry desk on the date of the Annual General Meeting. Moreover, powers of attorney issued vis-à-vis the company and proof of powers of attorney issued to the authorized representative may be communicated to the company by post or e-mail at the following address:

HORNBACH Holding AG & Co. KGaA
c/o Better Orange IR & HV AG
Haidelweg 48
81241 Munich
Germany

E-mail: hornbach-holding@better-orange.de

Furthermore, the password-protected online portal is available for this purpose at the website of HORNBACH Holding at www.hornbach-holding.de/en/investor-relations/annual-general-meeting/.

Intermediaries (e.g. financial institutions), shareholders' associations, and other equivalent persons and institutions pursuant to § 135 AktG may stipulate different requirements for the form of power of attorney used to authorize them. In such cases, shareholders are requested to agree the form and procedure for issuing powers of attorney in good time with the person or institution to be authorized.

- b. The comments in a. apply by analogy to the revoking or amendment of powers of attorney.

- c. A form for issuing or revoking powers of attorney and submitting proof of such authorization is available for download from the website of HORNBAACH Holding at www.hornbach-holding.de/en/investor-relations/annual-general-meeting/. Upon request, a text version of this form will be forwarded to each shareholder. Wherever possible, shareholders are requested to issue powers of attorney using the form provided for this purpose by the company.
- d. As an additional service, we provide our shareholders and their authorized representatives with the option of being represented in accordance with their instructions at the Annual General Meeting by a voting proxy appointed by the company. This proxy exercises voting rights on the exclusive basis of the instructions issued by the shareholder or their authorized representatives. The proxy cannot accept instructions for motions for which no proposals by the General Partner and/or Supervisory Board have been published in this invitation.

Furthermore, please note that voting proxies cannot accept any instructions to make statements, pose questions, submit motions, or declare objections.

Those wishing to issue powers of attorney and instructions to the voting proxy appointed by the company are requested to do so using the password-protected online portal at www.hornbach-holding.de/en/investor-relations/annual-general-meeting/ or the form for issuing powers of attorney and instructions available for download from the website of HORNBAACH Holding at www.hornbach-holding.de/en/investor-relations/annual-general-meeting/. Upon request, a text version of this form will be forwarded to each shareholder. The form for issuing powers of attorney and instructions is also printed on the reverse side of the AGM ticket.

Powers of attorney and instructions issued by correctly registered shareholders and/or their authorized representatives to the voting proxy appointed by the company must have been received by the company at the post or e-mail address stated above under Point a. or via the password-protected online portal at www.hornbach-holding.de/en/investor-relations/annual-general-meeting/ at the latest by **Thursday, July 6, 2023, 24:00 hours (CEST)**; the same applies for the amending or revoking of powers of attorney or instructions. The time at which the respective document is received by the company is decisive.

In addition, shareholders or their authorized representatives who attend the Annual General Meeting but have to leave prior to voting also have the option upon leaving of issuing a power of attorney and specific instructions for the exercising of their voting rights to a voting proxy appointed by the company. To do so, they should use the form included on the voting ticket.

4. Shareholders' rights

a. Minority motions pursuant to § 122 (2) AktG

Pursuant to § 122 (2) AktG, shareholders whose combined shareholdings are equivalent to one twentieth of the share capital or a prorated amount of € 500,000.00 are entitled to request that items be added to the agenda and announced. Such requests must be received by the company at least 30 days prior to the Annual General Meeting (not counting the date of the Annual General Meeting and the date of receipt), and thus at the latest by **Tuesday, June 6, 2023, 24:00 hours (CEST)**. Such requests must be addressed in writing to the General Partner of HORNBAACH Holding AG & Co. KGaA. Please use the following address:

HORNBAACH Holding AG & Co. KGaA
General Partner
HORNBAACH Management AG
Board of Management
Hornbachstrasse 11
76879 Bornheim bei Landau/Pfalz, Germany

Each new agenda item must be accompanied by a substantiation or a draft resolution. The respective shareholders are required by § 122 (2) and (1) Sentence 3 AktG to submit documentary evidence that they have owned the shares for at least 90 days prior to the company receiving the motion (not counting the date of receipt) and that they will hold the shares until the General Partner decides on the motion.

b. Countermotions and election proposals pursuant to § 126 (1) and § 127 AktG

Shareholders may submit countermotions to any proposal made by the management concerning a specific agenda item. Shareholders may also propose candidates for election as auditors and/or Supervisory Board members. Shareholders are requested to communicate any countermotions and election proposals exclusively to the following post or e-mail address:

HORNBACH Holding AG & Co. KGaA
Investor Relations/Hauptversammlung
Hornbachstrasse 11
76879 Bornheim bei Landau/Pfalz, Germany

E-mail: gegenantraege.holding@hornbach.com

The company will publish any countermotions and election proposals requiring publication and received at the aforementioned post or e-mail address at the latest on **Thursday, June 22, 2023, 24:00 hours (CEST)**, together with the shareholder's name, any substantiation provided, and any statement made by the management, on the website of HORNBACH Holding at www.hornbach-holding.de/en/investor-relations/annual-general-meeting/.

The company may forego publication of a countermotion and its substantiation if the conditions set out in § 126 (2) AktG apply, specifically if publication of such by the General Partner would constitute a criminal offense, if the countermotion would lead to a resolution at the Annual General Meeting that would infringe the law or the Articles of Association, if the substantiation contains obviously incorrect or misleading information in material aspects, or if it contains insulting material, if a countermotion submitted by the shareholder on the same issue has already been published in connection with an Annual General Meeting of the company pursuant to § 125 AktG, if the same countermotion submitted by the shareholder with essentially the same substantiation has already been published by the company in connection with at least two Annual General Meetings pursuant to § 125 AktG in the past five years and such countermotion was subsequently supported by less than one-twentieth of the share capital represented at the Annual General Meeting, if it is apparent that the shareholder does not intend to participate in or be represented at the Annual General Meeting, or if the shareholder did not propose a countermotion previously communicated, or have such countermotion proposed by others, at two Annual General Meetings in the past two years.

Substantiations of countermotions do not have to be published when they exceed a total of 5,000 characters in length. The above paragraphs apply *mutatis mutandis* to proposals submitted by shareholders for the election of auditors and/or Supervisory Board members. Apart from those cases set out in § 126 (2) AktG, the General Partner may also forego publication of election proposals submitted by shareholders when they do not include the name, profession exercised, and town/city of residence of the auditors and/or Supervisory Board members thereby proposed, as well as disclosures on their membership of other statutory supervisory bodies in the case of candidates proposed for election to the Supervisory Board. Disclosures on membership of comparable supervisory bodies at companies in Germany and abroad should be appended.

c. Right to information pursuant to § 131 (1) AktG

Pursuant to § 131 (1) AktG, each shareholder is entitled upon request to receive information from the General Partner on matters relating to the company at the Annual General Meeting, provided that such information is necessary for the appropriate assessment of the respective agenda item. This duty to provide information also includes the company's legal and business dealings with affiliated companies, as well as the situation of the Group and the companies included in the consolidated financial statements, as the consolidated financial statements and group management report are also presented to the Annual General Meeting under Agenda Item 1.

For the reasons outlined in § 131 (3) AktG, the General Partner may refuse to answer individual questions, for example if the disclosure of such information may, based on prudent business judgment, create a not inconsiderable disadvantage for the company or one of its affiliated companies. Pursuant to Article 21 (3) of the Articles of Association, the Chair of the Meeting may impose a reasonable limit on the time allocated to both statements and questions by shareholders. In particular, he may impose a reasonable limit on the duration of the entire Annual General Meeting, on the treatment of individual agenda items, and on individual statements and questions.

5. Further explanations and information on the company's website

The information for the Annual General Meeting required by § 124a AktG is available to shareholders at the website of HORNBAACH Holding at www.hornbach-holding.de/en/investor-relations/annual-general-meeting/.

All times and deadlines stated in this invitation refer to Central European Summer Time (CEST), the relevant time zone for Germany. CEST is two hours behind coordinated universal time (UTC), i.e. UTC = CEST minus two hours.

6. Data protection information

We collect personal data about you if you register for the Annual General Meeting and/or about any person you authorize if you issue powers of attorney for your voting rights. Furthermore, we collect personal data about you and/or about any person you authorize if you issue powers of attorney and instructions to the voting proxy appointed by the company, and/or when the online portal is used. Personal data is collected in accordance with the requirements of the EU's General Data Protection Regulation (GDPR) and of all other relevant legislation. This data is collected to enable shareholders to exercise their rights at the Annual General Meeting and to enable the Annual General Meeting to be organized and conducted in an orderly manner. Details of your rights and of the treatment of your personal data by the responsible body, HORNBAACH Holding AG & Co. KGaA, can be found on the internet at www.hornbach-holding.de/en/investor-relations/annual-general-meeting/.

Total number of shares and voting rights upon the convening of the Annual General Meeting

Upon the convening of the Annual General Meeting, the company's share capital of € 48,000,000 is divided into 16,000,000 no-par ordinary shares. Each no-par ordinary share grants one vote, meaning that at the time the Annual General Meeting was convened, there were 16,000,000 voting rights in accordance with the Articles of Association. The company is not entitled to exercise any voting rights attributable to treasury stock; the company held 6,875 treasury stocks upon the convening of the Annual General Meeting.

Bornheim/Pfalz, May 2023

HORNBAACH Holding AG & Co. KGaA

HORNBAACH Management AG
(General Partner)

The Board of Management