

Würth Finance International B.V.

REPORT OF THE BOARD OF DIRECTORS

Dear readers

During financial year 2024, the Board of Directors of Würth Finance International B.V. performed its duties in accordance with the law and the company's articles of association, monitored the performance of the company and advised the Management.

Four meetings were held during which the Management informed the Board of Directors verbally and in writing about the general situation of the company, the course of business and the principal issues relating to its business policy. This reporting also included the subsidiaries Würth Financial Services AG and Würth Invest AG. The information required as the basis for decision-making was provided in timely fashion and enabled a detailed insight into business operations. The Board of Directors was also informed promptly of all potential opportunities and risks. In this context, the Board of Directors advised the Management on strategic measures and issues relating to the company's future. The cooperation between the Management and the Board of Directors was highly constructive and fully complied with the principles of good corporate governance.

A focal point of the work of the Board of Directors was monitoring the effectiveness of risk management, particularly compliance with the regulatory limits set by the Board of Directors for measuring, managing and monitoring market, credit and liquidity risk in relation to trading activities and the company as a whole.

In accordance with the EU regulations and Dutch laws on the mandatory rotation of auditors applicable to Würth Finance International B.V., the Board of Directors put the contract for the audit of the Financial Statements up for tender and, following careful evaluation, resolved on the appointment of BDO as the new auditor. The shareholders' meeting approved the appointment of BDO at its meeting on 24 April 2024.

BDO and KPMG subsequently reported to the Board of Directors meetings in connection with risk management on a quarterly basis on selected audit areas, which had been discussed and resolved on in advance by the Board of Directors. There was a particular emphasis on the reliability of the internal control systems used by the company.

As expected, the Würth Group's market environment remained virtually unchanged during financial year 2024, with economic growth in Europe still subdued. In particular, lower demand from industrial manufacturing customers and the continued decline in residential construction activity had a negative impact on sales performance. Fortunately, demand for assembly and fastening materials from crafts customers remained considerably more stable. Additionally, the Chemicals segment performed especially well, recording a strong rise in sales. According to preliminary figures, the Würth Group recorded an overall decline in sales of 0.9% to around EUR 20,200 million. The Würth Group thus outperformed the market as a whole, emphasising the advantages of the diversified business model and a management system that enables the Group to adapt swiftly and appropriately to individual market developments. However, the Group's capacity utilisation was no longer optimal. This is reflected in the operating result, which declined by just under 40% to EUR 900 million, according to the preliminary financial statements. As this development unfolded, careful attention was paid to promptly adjusting purchasing behaviour and inventory levels in line with the lower business volumes, as well as to limiting the realisation of growth-oriented investment projects. This resulted in a stable net indebtedness trend, with the financial position remaining very solid.

In October, Würth Finance International B.V. successfully issued a EUR 500 million bond maturing in August 2031, in its capacity as the competence centre for the Würth Group's financing and liquidity management. This enabled the bond maturing in May 2025 to be refinanced ahead of schedule.

Buoyed by a huge improvement in net interest income due to higher interest rates and successful sales activities in insurance brokerage, the company's adjusted consolidated pre-tax profit rose to a record EUR 106.4 million in financial year 2024.

The Consolidated Financial Statements and the Separate Financial Statements of Würth Finance International B.V. for financial year 2024 were prepared in accordance with International Financial Reporting Standards (IFRS) and Part 9 of Book 2 of the Dutch Civil Code. BDO audited the annual accounts and issued an unqualified audit opinion. The Financial



Board of Directors (as at 31 December 2024)

from left to right: **Christoph Raithelhuber** | **Dieter Gräter** (Vice President Finance, Würth-Verwaltungsgesellschaft mbH) | **Joachim Kaltmaier** (former Member of the Central Management Board of the Würth Group) | **Prof. Dr. h. c. mult. Reinhold Würth** (Chairman of the Supervisory Board of the Würth Group) | **Ralf Schaich** (Member of the Central Management Board of the Würth Group and Chairman of the Board of Directors of Würth Finance International B.V.) | **Isabelle Damen** (CFO and Board Member of the Teijin Aramid Group, member of the Supervisory Board of Pro Rail & BN International) | **Wolfgang Kirsch** (former Chief Executive Officer of DZ Bank AG, Chairman of the Supervisory Board of Fresenius SE & Co. KGaA) | **Mag. Michel Haller** (Chief Executive Officer of Hypo Vorarlberg Bank AG)

Statements and the audit report were examined by the Board of Directors and discussed in detail with both the Management and BDO. Following the final result of the audit, the Board of Directors raised no objections, agreed with the audit report and approved the Financial Statements.

The shareholders' meeting on 24 April 2024 elected Ms Isabelle Damen, CFO of Teijin Aramid, to the Board of Directors. I am delighted that Würth Finance International B.V.'s Management team is now benefiting from the supervision and support of Ms Damen, who has many years' successful corporate management experience at Dutch and international firms.

Würth Finance International B.V. also reached an agreement with Mr Björn van Odijk on the termination of his role as Managing Director of Würth Finance International B.V. The shareholders' meeting approved his resignation with effect from 8 August 2024 and granted Mr van Odijk a full and final discharge. On behalf of the Board of Directors and all employees, I would like to thank Mr van Odijk for his long-standing and fruitful contribution as Managing Director of Würth Finance International B.V. and wish him all the best for the future.

As part of its legal obligations to increase gender diversity in management, Würth Finance International B.V. remains committed to increasing the proportion of women on the Board of Directors and in the Management level when appointing new members. Various specific measures are in place to achieve this goal (see page 42).

On behalf of the Board of Directors, I would like to thank the Management and all the staff for their hard work, and congratulate them on the very good operating result they achieved in the past financial year. I would also like to thank the Würth Finance Group's clients and business partners for the trust they have placed in us and for their loyalty to the company and the Würth Group as a whole.

Ralf Schaich

Chairman of the Board of Directors of Würth Finance International B.V.