

Würth Finance International B.V.

REPORT OF THE BOARD OF DIRECTORS

Dear readers

During financial year 2021, 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. Two of these four meetings took place by way of videoconference, the form of which was legitimised by the temporary Dutch emergency law (Tijdelijke wet COVID-19 Justitie en Veiligheid). This reporting also included the subsidiaries Würth Financial Services AG and Würth Invest AG. All 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 about 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 the Group balance sheet and trading activities.

As in the previous year, the audit companies Ernst & Young and KPMG reported to the meetings of the Board of Directors. They reported in connection with risk management on the quarterly audits they performed on selected audit areas, which had been discussed and decided upon beforehand by the Board of Directors. There was a particular emphasis on the reliability of the internal control systems used by the company.

The Würth Group recorded sales growth of 18.5% to EUR 17,100 million in financial year 2021, based on preliminary figures; after adjustment for exchange rate effects the increase was 19.0%. Sales continued to perform remarkably well in the second year of the COVID-19 pandemic: the sales slump between March and May 2020 was more than offset over the same period in 2021. In addition, double-digit year-on-year sales growth was recorded in every month

except January and February. Overall, the positive result achieved in 2020 was increased further despite additional waves of the pandemic. The financial year 2021 therefore closed with a record sales figure. Following the huge reduction in the Würth Group's debt in the previous year and amid the successful performance by a number of business areas, net debt was kept at a stable and low level in the year under review. The high level of liquidity and the reduced demand for loans were reflected in declining interest income at Würth Finance International B.V.

The Swiss franc strengthened by around 4% against the euro. Thanks to ongoing hedging, this appreciation and the higher costs for the Swiss branch had only a minor impact on the results of Würth Finance International B.V. In the current negative interest rate environment, the Management placed a high priority on the optimum management of liquidity reserves. Overall, consolidated pre-tax profit rose to a record of EUR 62.5 million.

The 2021 Consolidated Financial Statements, along with the separate 2021 Financial Statements of Würth Finance International B.V., were prepared in accordance with International Financial Reporting Standards (IFRS). Ernst & Young audited the annual accounts and issued an unqualified audit opinion. The Financial Statements and the audit report were examined by the Board of Directors and discussed in detail with both the Management and Ernst & Young. Following the final result of the audit, the Board of Directors raised no objections, agreed with the audit report and approved the Financial Statements for 2021.

Würth Finance International B.V. is aware of the new Dutch legislation on gender diversity in the management of large companies and will determine in 2022 how this diversity can be achieved in the Board of Directors and the Management.

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 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.



Joachim Kaltmaier

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

Board of Directors



**Prof. Dr. h. c. mult.
Reinhold Würth**
Chairman of the
Supervisory Board of
the Würth Group's
Family Foundations



Joachim Kaltmaier
Member of the Central
Managing Board of
the Würth Group and
Chairman of the
Board of Directors of
Würth Finance
International B.V.



Dieter Gräter
Vice President Finance,
Würth-Verwaltungs-
gesellschaft mbH



Mag. Michel Haller
Chief Executive Officer of
Hypo Vorarlberg Bank AG



Wolfgang Kirsch
Former Chief Executive
Officer of DZ Bank AG,
Chairman of the
Supervisory Board of
Fresenius SE & Co. KGaA



Christoph Raitelhuber



Ralf Schaich
Member of the
Supervisory Board of
the Würth Group's
Family Foundations,
Vice President Adolf
Würth GmbH & Co. KG



Dr. Bernd Thiemann
Former Chairman of
the Board of Deutsche
Genossenschaftsbank AG