

Würth Finance International B.V.

REPORT OF THE BOARD OF DIRECTORS

Dear readers

During financial year 2023, 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 regarding 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.

As in previous years, the audit companies Ernst & Young and KPMG reported to the meetings of the Board of Directors. They reported in connection with risk management on a quarterly basis 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.

At his own request and in connection with his departure from the Central Management Board of the Würth Group, Joachim Kaltmaier stepped down as Chairman of the Board of Directors of Würth Finance International B.V. at the shareholders' meeting on 19 April 2023, with effect from 5 May 2023. On behalf of the Board of Directors and the Management, I would like to express my sincere thanks to Mr Kaltmaier for his long-standing and successful leadership of the Board of Directors and am delighted that he remains a full member of the Board.

For the Würth Group, financial year 2023 was marked by economic slowdown and a steadily weakening market environment over the course of the year. In spite of this, according to preliminary figures, the company recorded sales growth of 2.4% to around EUR 20,400 million and an operating result of EUR 1,400 million – the second-highest result in its history. This shows that the Würth Group's highly diversified business portfolio again paid off. The positive growth trend was driven by the European markets, the traditional sale of assembly and fastening materials to the crafts customers of the Würth Line and the RECA Group as well as the Electrical Wholesale unit.

Given the significant cash inflow from the core business and the sharp rise in interest rates, Würth Finance International B.V. – as the competence centre for the financing and liquidity management of the Würth Group – concentrated on optimally investing cash on the money market and on advising and supporting the Group companies in adapting their financing structures. Buoyed by a huge improvement in net interest income as a consequence of higher interest rates and successful sales activities in insurance brokerage, the company's adjusted consolidated pre-tax profit rose to a record EUR 93.7 million in financial year 2023.



Board of Directors

from left to right: **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) | **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.) | **Dieter Gräter** (Vice President Finance, Würth-Verwaltungsgesellschaft mbH) | **Christoph Raitelhuber**

The 2023 Consolidated Financial Statements, along with the 2023 separate Financial Statements of Würth Finance International B.V., were prepared in accordance with International Financial Reporting Standards (IFRS) and Part 9 of Book 2 of the Dutch Civil Code. 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.

As part of its legal obligations to increase gender diversity in management, Würth Finance International B.V. aims to include at least one female member when appointing new members to the Board of Directors and to the Management by the end of 2025. Various specific measures are in place to achieve this goal (see page 39). Currently, the proportion of men on both boards is 100%.

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.