

Würth Finance International B.V.

REPORT OF THE BOARD OF DIRECTORS

Dear readers

During financial year 2022, 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 the Group balance sheet and trading activities.

As in the 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 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.

According to preliminary figures, the Würth Group recorded sales growth of almost 16.9% to reach EUR 19,950 million and an increase in its operating result of 18.1% to EUR 1,500 million in financial year 2022. All regions and divisions contributed to this performance. Thus, in a year burdened by supply and materials bottlenecks, price increases, the zero-COVID strategy in China and the war in Ukraine, a very good result was achieved and the Würth Group's competitive position was strengthened. As a consequence of this performance, the Würth Group's financial position also improved further: as at 31 December 2022, equity increased by EUR 1,100 million to EUR 7,900 million year on year, while net debt rose by only EUR 450 million to EUR 1,100 million. With funds from fixed-rate notes totalling EUR 2,100 million and maturities between 2025 and 2030, the Würth Group is well protected against any further increases in interest rates. The Würth Group's high level of financial manoeuvrability is also reflected in liquidity reserves amounting to EUR 1,500 million.

In memory of Dr. Bernd Thiemann

Dr. Bernd Thiemann, a member of the Board of Directors, passed away on 28 December 2022 at the age of 79.

Dr. Thiemann was a member of the Advisory Board of the Würth Group from 1994 to 2013 and had been an honorary member of the Advisory Board since 2014. In addition, he had made his knowledge and long experience as former Chief Executive Officer of DG Bank available to Würth Finance International B.V. as a member of its Board of Directors since 2010.

With his valuable financial expertise he played a key role in shaping the company over the last 12 years. With him, we lose a companion and wise advisor with a spirited personality.

With great respect for his achievements and in deep gratitude for his loyalty, we remember Dr. Thiemann as a person whose actions were driven by a big heart and informed by a great sense of humour and a keen concern for fairness.

We will honour his memory.



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



Board of Directors

from left to right: **Dr. Bernd Thiemann** † (Former Chairman of the Board of Deutsche Genossenschaftsbank AG) | **Christoph Raitelhuber** | **Dieter Gräter** (Vice President Finance, Würth-Verwaltungsgesellschaft mbH) | **Ralf Schaich** (Member of the Supervisory Board of the Würth Group, Vice President Adolf Würth GmbH & Co. KG) | **Prof. Dr. h. c. mult. Reinhold Würth** (Chairman of the Supervisory Board of the Würth Group) | **Joachim Kaltmaier** (Member of the Central Management Board of the Würth Group and Chairman of the Board of Directors of Würth Finance International B.V.) | **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)

In its role as the competence centre for the financing and liquidity management of the Würth Group, Würth Finance International B.V. issued bonds for EUR 600 million in May and CHF 300 million in November; through these transactions it successfully completed the refinancing of the US private placement of USD 200 million maturing in September 2021 and the early repayment of a EUR 500 million bond in February 2022. Buoyed by strong growth in the Würth Group's core business, 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 70.3 million in financial year 2022.

The 2022 Consolidated Financial Statements, along with the separate 2022 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.

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 over the next three years. Various specific measures are in place to achieve this goal (see page 30). 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 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.