WÜRTH GROUP

Annual Report 2024

WÜRTH FINANCE GROUP

GOING FARTHER TOGETHER

KEY EVENTS IN 2024

- Defied a difficult market environment: After three years of exceptionally high growth, the Würth Group suffered a drop in sales of 0.9%. It acquired 90,000 new customers, while the number of orders rose by 5% in the second half of the year. That represents a significantly better performance than that of its competitors (according to preliminary figures).

- Surpassed the 100 million mark: Thanks to record interest income on cash investments, the Würth Finance Group generated a pre-tax profit of EUR 106.4 million (adjusted figures) and made a significant contribution to the Würth Group's consolidated profit.

- Very successful refinancing of the 2018–2025 bond in a receptive capital market environment: At the end of October, Würth Finance International B.V. issued a bond for EUR 500 million with a term of just under seven years. It was five times oversubscribed and was placed with an attractive credit spread.

- Successful performance for the year: Würth Financial Services AG posted revenue growth of almost 7% compared to the previous year and concluded financial year 2024 with a record operating result.

- Technological progress: Insurance companies and insurance brokers must extend their expertise and modernise their own infrastructure. Würth Financial Services AG laid the foundations in 2024 for utilising future potential.

THE WÜRTH FINANCE GROUP AT A GLANCE

The Würth Finance Group is the financial competence centre for the Würth Group. It employs 127 staff (FTEs) at six locations in the two divisions Inhouse Banking and External Financial Services.

WÜRTH FINANCE GROUP

Core competence	RISK MANAGEMENT	
Core business	Group financing, liquidity assurance and payment flow optimisation for the Würth Group and its subsidiaries	Insurance brokerage for SMEs, national and international companies
	DIVISION INHOUSE BANKING	DIVISION EXTERNAL FINANCIAL SERVICES

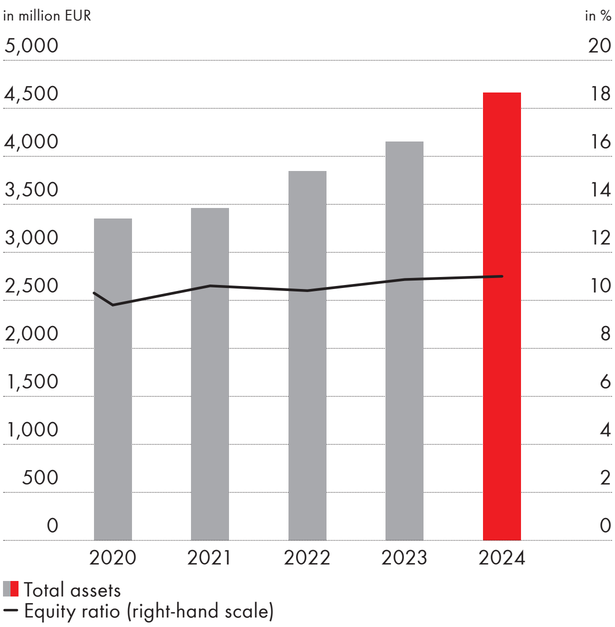
The Inhouse Banking division works with over 400 Group companies in more than 85 countries. The legal entities of the division are Würth Finance International B.V. (NL / CH) and Würth Invest AG.

The External Financial Services division operates as Würth Financial Services AG. Around 10,000 clients in Switzerland are looked after from the five offices in Rorschach (head office), Zurich, Lugano, Arlesheim and Chur.

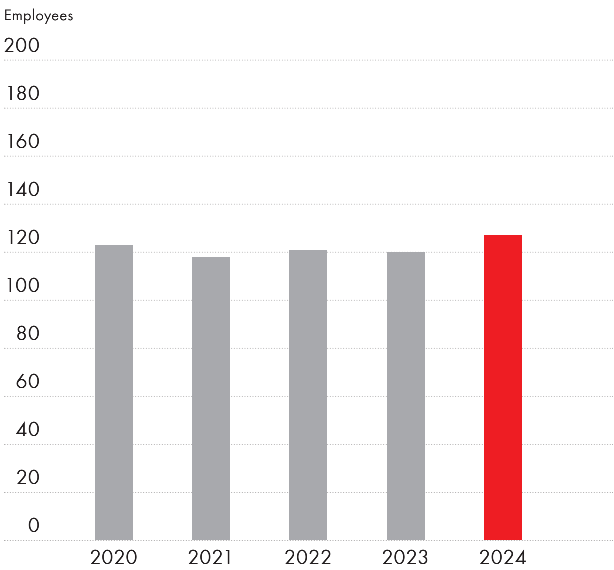
KEY FIGURES
OF THE WÜRTH FINANCE GROUP

in TEUR	2020	2021	2022	2023	2024
Key figures from the consolidated income statement					
Net interest income	13,789	14,170	29,576	50,844	63,897
Income from factoring activities	16,275	16,234	17,733	13,573	13,613
Income from commission and service fee activities	37,668	43,725	48,348	49,564	49,505
Income from trading activities and financial instruments	12,376	14,789	11,289	20,376	23,540
Other ordinary income	1,709	797	653	592	910
Expected credit loss (expenses) / recovery	-7,886	6,846	-4,615	4,273	1,742
Total operating income	73,931	96,561	102,984	139,222	153,207
Total operating expenses	-31,519	-34,031	-36,656	-41,021	-45,027
Profit before taxes	42,412	62,530	66,328	98,201	108,180
Operating income adjustments Inhouse Banking					
Hedge accounting effect management accounting	1,492	-548	-619	-203	0
Impairment for credit loss	8,558	-6,450	4,615	-4,273	-1,742
Total operating income (adjusted)	**83,981**	**89,563**	**106,980**	**134,747**	**151,465**
Profit before taxes (adjusted)	**52,462**	**55,532**	**70,324**	**93,726**	**106,438**

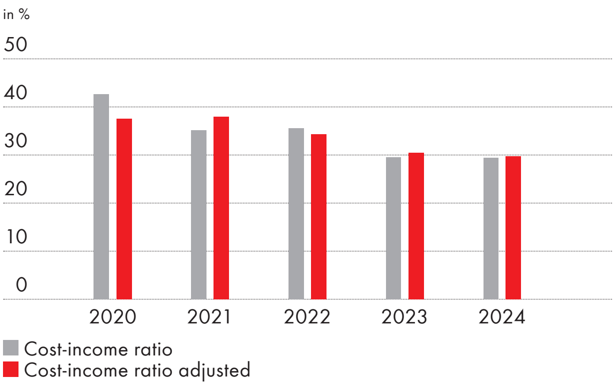
Total assets/equity ratio



Number of employees (FTEs)



Cost-income ratio



Return on equity before tax

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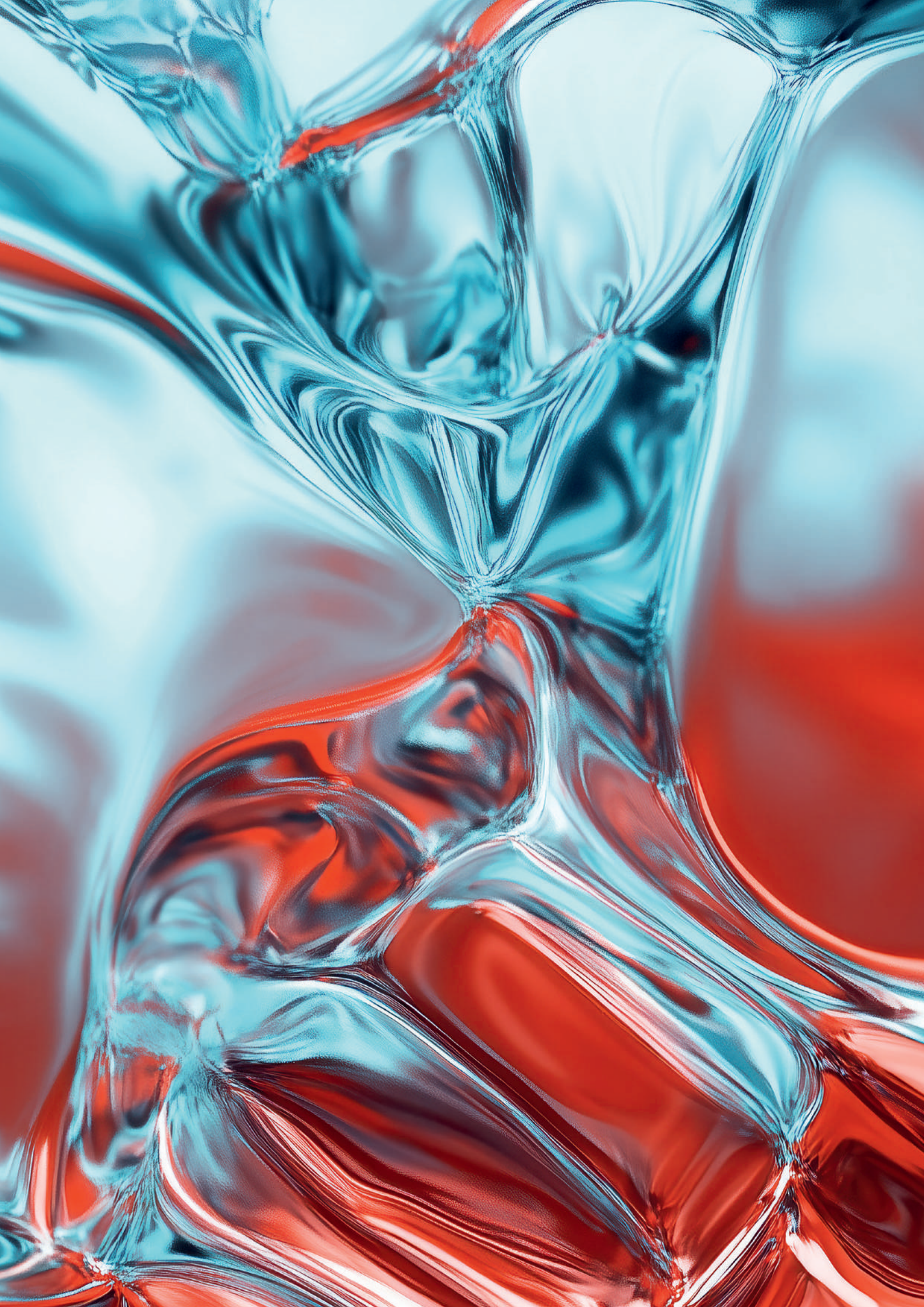


Würth Finance Group Insights

GOING FARTHER TOGETHER

It is said that you go faster alone, but you get farther together.

The following pages show how much this timeless wisdom inspires and guides the Würth Finance Group. The stories in this report take a look behind the scenes – into the realms of creativity, collaboration and new beginnings. They are an expression of the power of teamwork and show what becomes possible when people, ideas and expertise come together.

The year 2024

Over the past few months we have moved forward together – with our dedicated employees, our valued clients and our trusted partners: whether in the ongoing development of our organisation, the creation of innovative solutions or the provision of top-class services. All of these initiatives share a common goal: the desire to empower our stakeholders to move farther. This spurs us on to exceed our limits – as individuals, as a team, as a company and as partners.

The cover of the 2024 Annual Report

The cover was created using artificial intelligence, with the publication's theme serving as the basis for the prompt. The image reflects the motto "Going farther together" in its own unique way: the abstract and innovative result allows room for various interpretations and further developments. It exemplifies how artificial intelligence can help us discover new perspectives, evolve, and ultimately move farther.

More Efficiency Through Project Portfolio Management

FULL SPEED AHEAD FOR IT PROJECTS

"Project portfolio management" – rather a wordy phrase, but at Würth Finance it is the key to highly efficient and successfully executed IT projects. The principle behind it is as simple as it is effective: project portfolio management (PPM) ensures constant transparency and enables projects to be executed in a way that saves resources. PPM means selecting, prioritising, checking and optimising across the entire portfolio of IT responsibilities. In short: PPM provides an overview and leads projects to their conclusion in a focused way.

Increasing complexity in the business world, advancing digitalisation and growing pressure to innovate are forcing companies to bundle their resources and implement projects in a more transparent and coordinated manner in alignment with their strategic objectives.

At Würth Finance there was a pronounced desire for greater transparency and for centralised control. Before PPM was introduced, a lot of smaller tasks ran in parallel with a big IT project. Such a project would take several years and not everyone was satisfied with the outcomes. This led to frustration and there was reduced motivation for project work. The smaller tasks were often put off because the big project took up all the available capacity.

Today, the situation is different. Sarah Fiorina, Project Portfolio Manager from the IT Management team, explains: "Thanks to PPM, there is now transparency and efficiency in every project. Projects without a clear business case do not even get off the starting blocks, as sometimes – though rarely – they have to be rejected." The available resources are allocated to the projects based on a clear prioritisation. A distribution key ensures that, in addition to ongoing projects, time is also allocated to smaller tasks, such as current change requests.

A committee was set up for this purpose, which brings all the activities together and then decides which requests are implemented when and how. This means that even relatively minor matters are always transparent and clearly prioritised.

PPM assumes the central role, checks for dependencies between projects and provides the necessary overview. This is absolutely imperative, because project managers are immersed in their own projects and often do not have an overall view of other ongoing projects.

PPM provides monthly status reports, assesses risks, decides on project continuation and issues the necessary approvals. In short: project portfolio management encourages new steps to be taken and provides all stakeholders with a sense of security by clarifying roles, defining processes clearly and assigning tasks. "For me, it was also important to alleviate people's fear of new pro-

jects," says Sarah Fiorina. A gratifying side effect is that implementing portfolio management has also boosted employee motivation.

When asked about her vision, Sarah Fiorina's response is that she can very well imagine a future where all projects in the organisation are implemented even more efficiently thanks to a comprehensive PPM. "We are ready to tackle the challenges ahead," she adds.

"The results of well-planned and efficient projects show us what we have already achieved together and what we can still accomplish."

Sarah Fiorina
Project Portfolio Manager

Project portfolio management at Würth Finance

Project portfolio management (PPM) was introduced at Würth Finance in order to create greater transparency across all IT projects.

PPM is now firmly established and enables resources to be managed in a centralised manner in order to achieve strategic goals with even more efficiency. It helps to set priorities, minimise risks and maintain an overview – an effective strategic approach to efficiently master the challenges of the dynamic, digital world.

DIVERSITY AS A DRIVER OF INNOVATION AND GROWTH

Diversity and inclusion (D&I) are not just a matter for society, they are also a decisive factor in a company's success. Muriel Brouwer, HR Manager at the Würth Finance headquarters in 's-Hertogenbosch, explains how she approaches the topic.

Muriel, what does D&I mean?

D&I means creating a working environment in which everyone feels welcome and valued. Because when people feel safe, they act authentically and make more valuable contributions.

Why is D&I important?

Companies that are committed to D&I create an inclusive working culture in which international talent can unleash their potential. That enhances employee satisfaction and retention as well as the company's performance. A diverse workforce also reflects the client base, which in turn improves the understanding of markets and target groups.

How do you achieve D&I in recruitment?

Our job advertisements in the Netherlands are neutral and do not contain any requirements that could exclude particular groups. In order to lower the barriers, we do not request cover letters. We have also removed date of birth, gender and nationality from the application form in order to avoid unconscious bias. We make sure that the procedure and interviews are the same for everyone, so that the selection is based on the candidates' actual skills and qualifications. This helps us sustainably strengthen diversity within the company.

MORE ROOM FOR MANOEUVRE TO ACHIEVE GOALS

The Sales & Contract Management department acts as a hub between the operating companies of the Würth Group and its suppliers. By understanding the needs and processes on both sides, the team endeavours to create long-term benefits for both.

With this in mind, the team recognised, for example, the need for the new Dynamic Discounting product and took action. Alongside the familiar use of fixed discounting, this product offers suppliers the opportunity to further accelerate payments.

The Dynamic Discounting Platform pilot project was launched in April 2024. Initially, around 50 suppliers and three Würth companies were integrated into the platform.

Dynamic Discounting provides the suppliers of Würth companies with a transparent overview of the current status of their invoices and the opportunity to pre-finance them. Through the flexible management of payment targets, they benefit in a very simple and direct way from additional liquidity, for example for their quarterly or annual accounts – and do so without the expense of bank financing.

Three pre-financing options are available: 1. accelerate individual invoices; 2. reserve amounts for specific payment dates; and 3. bring forward all payments to the next possible date.

The Group companies have the advantage of being able to use Dynamic Discounting to negotiate longer payment terms with their suppliers and to further strengthen their relationships with strategically important suppliers.

“Dynamic Discounting is a pilot project that benefits all parties involved. Flexible liquidity solutions give both sides more room for manoeuvre to achieve their business goals,” explains Zoran Mihajlovic, Head Sales & Contract Management.

STAYING ON TRACK TOGETHER: NAVIGATING THE FUTURE WITH A GRC TOOL

In an increasingly complex and interconnected world, the ability to monitor and manage governance, risks and compliance (GRC) is becoming ever more important. In order to survive in this dynamic environment as well as to enhance the resilience of Würth Finance, an ambitious project was launched: the introduction of a GRC tool. The aim was to change the way governance, risk and compliance are managed within the company.

The search for a suitable solution was a challenge. The goal was to find software that would fulfil the company's specific requirements while also ensuring seamless integration into the existing systems. A task that could hardly have been accomplished without the hard work and close collaboration of everyone involved in the project.

After working together on this for months, they successfully rolled out the new GRC software in the summer of 2024. The central platform makes it possible to organise governance, risk management and compliance processes in a structured and efficient manner, enabling Würth Finance to act safely and in compliance with the regulations and thereby make a strategic contribution to the Würth Group's risk management.

"Risk management is a top priority for Würth Finance."

The transparency gained and the networking of everyone involved, from management to the operational units, create a basis on which coordinated decisions can be made. "That allows us to face the challenges of the future together – not only managing risks, but also seizing opportunities," explains Katy Klasen, Project Manager and Compliance Officer.

FULL SPEED AHEAD FOR ONE OF THE MOST INNOVATIVE DRIVING FORCES IN SOUTH-EASTERN SWITZERLAND

"Our Somedia insurance account goes beyond just being a business relationship – it is a supra-regional partnership," says Hans-Jürg Flury, member of the Management at Würth Financial Services AG.

Somedia is the largest media company in south-eastern Switzerland, with almost 20 subsidiaries in a wide variety of business areas. This well-known, family-owned publishing house, which has a presence at 10 locations with over 700 employees, operates its own radio, TV and web channels, and publishes regional daily and weekly newspapers. It is also a leader in providing specifically designed media and communications solutions, marketing and printing in eastern Switzerland. The company has a stake in the education sector too, with a leading e-learning agency and its Code Camp start-up aimed at promoting programming skills. Just like Würth Financial Services AG, Somedia has a commitment to the region, is rooted in the region and also has a supraregional presence.

Somedia's broad positioning and its regional proximity make it a compelling partner for Würth Financial Services AG, with plenty of potential for synergies. As Hans-Jürg Flury points out: "When we at Würth Financial Services AG are planning a project in the media, there is no question about who we will be working with." Thomas Kundert, CEO of Somedia, also emphasises: "Thanks to our partnership with Würth Financial Services AG, we always find the optimal insurance solutions, offering us certainty and flexibility in our wide-ranging business activities." Both companies therefore aim to find innovative and customised solutions for their clients and to grow together. That makes this partnership a win-win situation in its truest sense.

New E-Payment Terminal

FROM PILOT PROJECT TO HIGH-FLYER

A great example of what can be achieved when many small gears work together seamlessly: Together with partners, such as the Würth IT and finance and administration teams at Würth UK, the ePayments team at Würth Finance has introduced new payment terminals for Würth shops. What began as a pilot project in the UK will soon be rolled out to more shops in the Würth Group.

"It is often the seemingly small changes that lead to significant impacts," says Shyam Sreenivasan from the ePayments team at Würth Finance. An insight that he has gained through his latest project.

Until recently, the payment terminals and checkout software in the Würth shops operated independently, with the transmission of payment data occurring as a separate step. This seemingly minor disconnect not only resulted in extra manual effort and control work but also posed a potential source of errors, complicating the daily operations of both the administration and finance employees of the Würth Shops.

In an era where automation and digitalisation are increasingly essential, the demand for a solution that meets contemporary standards grew. Collaborating with the shops in the United Kingdom, the ePayments team at Würth Finance – which aims to accommodate all electronic payment needs within the Würth Group – initiated a pilot project.

This project introduced new payment terminals that not only comply with industry standards but also facilitate a direct connection to the checkout software. The project was a first of its kind for the Würth Group as a whole.

While this may appear to be a straightforward task at first glance, the number of stakeholders involved underscores the project's complexity. In addition to the ePayments team, IT at the Würth Group, the finance teams and shop employees all played important roles. Redesigning the system architecture and integrating a new system into the existing technological landscape required careful iterations, fine-tuning and constructive collaboration among all parties.

"Thanks to the close cooperation and shared commitment of everyone involved, we identified a solution that delivers significant added value," explains Project Manager Shyam Sreenivasan. Following successful initial tests, the new payment terminals and checkout systems were rolled out across all Würth shops in the United Kingdom.

This new solution is a significant step towards enhancing productivity for Würth UK and a com-

plete success. It comes as no surprise that shops in Ireland, Norway and the Netherlands began using this solution within a few months after its launch. More countries are expected to follow in 2025.

"Thanks to the close cooperation of everyone involved, we identified a solution that creates real value."

Shyam Sreenivasan
Solution Architect ePayments

Global Cash Management

A SYSTEMATIC APPROACH FOR IMPROVED EFFICIENCY, SECURITY AND PROFIT

"With sufficient liquidity, we ensure that our organisation always stay in full swing worldwide," says Jonathan Schläpfer, Head of Treasury Operations at Würth Finance.

Jonathan, what does global cash management mean for the Würth Group?

One of the basic roles of Würth Finance as the central treasury unit is to safeguard the liquidity of the Würth Group so that all invoices at the Würth companies can be paid. The Treasury Operations department is responsible for the technical processing of all relevant transactions.

In our decentralised corporate organisation, with over 400 companies in around 80 countries, cash management plays a central role. We work in 26 currencies and take care of the successful processing of over 6,000 currency transactions with banks every year. That also includes ensuring connectivity to all banks.

By working with the banks via automated processes, we minimise currency risks, make optimum use of liquid assets, and ensure transparency and efficiency. This enables us to operate even more effectively – entirely in the spirit of "Going farther together".

How do you keep track of so many companies and currencies?

In Treasury Management at Würth Finance, all cash flows with the banks pass across our desk or screen. We ensure that these cash flows are processed securely and efficiently. We maintain bank accounts in the relevant currencies, usually directly in the country concerned.

Sometimes I compare our work to running a railway system: as long as everything runs smoothly, the whole thing is perfect. But if a switch jams, it gets complicated and expensive. Thanks to our new cash management system, we can monitor the processes much more closely and know immediately where the problem lies.

A new IT system for cash management?

Yes, we went live with a new cash management system in August 2024 – a real milestone that we are proud of. It was a long process, real change management, but it was worth the effort. For example, we designed a new dashboard interface which provides a quick and up-to-date overview of all relevant information and problems.

A special innovation is that the system itself calculates which transfers are necessary – this is a very valuable function, especially with the many euro accounts we have with different banks. This rule-based system software has replaced the previous system and offers greater transparency, quality assurance and automation.

"We designed a new dashboard for global cash management at a glance."

What challenges do you face in the near future?

Working with a banking partner, we have launched the implementation of a new multibank pooling system. This will enable us to further improve interest income as well as the automation of global cash management. We are also involved in a major ongoing project to modernise Würth Finance's IT applications landscape. This will also have a major impact on our cash management systems and will ensure that we continue to run at full speed with our solutions in the future.

säntis

GOING FOR THE SUMMIT AT MOUNT SÄNTIS

The challenges facing the Würth Group in 2024 were greater than they had been for a long time. For Armin Broger, Senior Account Manager at Würth Financial Services AG, and his team, this was also a reason to step on the accelerator. A great example of our successful acquisition work was the approval of an insurance mandate from Säntis-Schwebebahn AG.

Armin, what was the biggest challenge in winning the mandate for Säntis-Schwebebahn AG?

In terms of winning mandates, the Säntis cable car company had been on my wish list for a long time. Firstly because I'm from Appenzell myself and my older brother worked there for over 30 years, and secondly because Mount Säntis is a proud landmark of the region where I grew up and have my roots. The Säntis is our local mountain. The fact that I am also one of more than 19,000 public shareholders played only a minor role. I had wanted the Säntis cable car company as a client for some time and began to intensify my contacts.

Around 500,000 guests a year now admire the view from Schwägalp and the Säntis. What began in 1935 as a 35-seater cable car up the Säntis is now a whole world of experiences with restaurants, a hotel and seminar rooms: state-of-the-art infrastructure in the middle of a unique natural landscape.

In terms of insurance, the Säntis cable car company was a challenge because two different sectors and different collective labour agreements are combined in a single company: one part is catering, the other is the cable car operation. We therefore had to find a solution that was suitable for both segments of the company.

Just as I was building up my contacts, there was also a change in management and we were able to pitch our way of working and our holistic insurance solution successfully to the new managing director Jakob Gülünay and the finance director Urs Dähler. In our "typical" way.

What do you mean, in our "typical" way?

The CEO or CFO of a company often has other priorities than dealing with insurance issues. We do all the preparatory work for the client – from start to finish. The first presentation shows the client solutions that can be put in place straight away, rather than a long-winded presentation about ourselves.

What are your success factors in winning new business?

Among other things, our approach: at the beginning of the year, we decide on four or five desired clients and engage intensively with the companies in order to gain an informational advantage and therefore elaborate a tailor-made solution.

Our integration into the Würth organisation also always gives us a boost. A visit to Würth House Rorschach is a special experience for potential new clients. We are in full swing with digitalisation too: in 2022 we won one of the Swiss insurance industry's coveted innovation awards for our InsurHub system – our online insurance platform for personal clients.

What is important to you personally when working with clients?

My aim is to build relationships that create mutual and long-term value. Clients should feel our wholehearted commitment at all times. Whether it's a concrete construction company, the Säntis cable car company or a large industry association, we make no distinction in our work. The crucial factor is the client's complete confidence in our solution and regular dialogue, at least once a year. This could be at the panoramic restaurant on Mount Säntis or at the Weitblick restaurant at Würth Haus Rorschach on Lake Constance.

SPOTLIGHT

From a cross-national simultaneous activity event to an innovative practical project in collaboration with students, engaging workshops inspired by Carl Gustav Jung's type theory, and an art exhibition featuring Würth Finance founder José Carlos Viana – this year, a wide range of activities revolved around our motto: "Going farther together."

EXHIBITION JOSÉ CARLOS VIANA: FROM NUMBERS TO COLOURS

At first glance, the connection between the financial sector and the world of art and painting might seem minimal. However, José Carlos Viana is a striking example of how creativity and numbers can come together in harmony. Not only is he the artist behind the renowned works exhibited at Würth Haus Rorschach in 2024, he is also the founder of Würth Finance.

It was a great honour for Würth Finance to welcome him in person for the vernissage of his exhibition. Just as his artwork leaves a lasting impression, José Carlos Viana has also made a profound impact within Würth Finance – one that continues to serve as a source of inspiration to this day.

INSIGHTS DISCOVERY: WORKING TOGETHER EVEN BETTER

Colleagues at Würth Finance's headquarters in the Netherlands have been actively engaging with the Insights Discovery tool, an instrument rooted in Carl Jung's type theory. The tool generates individual personality profiles based on four colour energies (red, yellow, green and blue), enabling individuals and teams to better understand their own communication and working styles, ultimately fostering more effective collaboration.

Last year, numerous workshops were conducted to enhance teamwork and mutual understanding – both within individual teams and across departments. As a key outcome, an Insights Map was created, listing all employees and their corresponding personality types. This shared resource makes it easier for colleagues to adapt their behaviour and communication to align with the personality of the person they are interacting with, paving the way for stronger and more harmonious collaboration.

INNOVATION THROUGH COLLABORATION: PRACTICAL PROJECT

The Würth Finance sales team partnered closely with a group of students from the University of Applied Sciences OST in St. Gallen to carry out a forward-thinking practical project. The goal was to determine, through theoretical, qualitative and quantitative analyses, whether a central purchasing platform within the Würth Group would provide added value and how such a platform could be implemented effectively.

This collaboration brought together a variety of perspectives from both the sales team and the students, resulting in creative, sustainable solutions and well-founded practical recommendations. These impressive outcomes not only captured the attention of the management but also earned top recognition at the WTT Young Leader Award – a prestigious competition honouring outstanding student projects at Ost. The team secured first place out of 22 submitted projects.

In addition, the impulses from the project will be adopted and followed up by Würth Finance.

TUK ACTIVITY AFTERNOON: A CROSS-NATIONAL ADVENTURE

During the Activity Afternoon, organised by the TUK Team (Team for Corporate Culture) in August 2024, the employees of Würth Finance embarked on an innovative adventure that connected colleagues from Switzerland and the Netherlands.

In a creative mix of teamwork, technology and outdoor activities, it was an unforgettable experience that not only fostered collaboration but also intensified the exchange between the different locations.

Using tablets, nine teams participated in a simultaneous, identical treasure hunt across two countries, which – despite the distinctly different terrain conditions in each country – provided plenty of fun and mental challenges! Participants had to solve puzzling tasks, find creative solutions and quickly adapt to changing circumstances, making the event an exciting and dynamic experience.

The treasure hunt provided an opportunity to promote engagement and team dynamics in a playful way, making the afternoon a highlight of the company's year.

Legend Images

Image 2, p. 02	Prompt: An abstract, professional cover design featuring abstract glass elements with a dynamic, flowing structure in shades of red and light-blue. The composition emphasizes connection, innovation, and unity, with soft, cinematic lighting that highlights the interplay of light, color, and the glass material. The overall mood is modern, sleek, and professional.
Image 3, p. 05	A practical insight into the daily life of a project portfolio manager: In a workshop, Sarah Fiorina (standing) works with the IT Management team to drive a project forward with transparency and focus.
Image 4, p. 06	Muriel Brouwer (on the right) shares a moment full of energy, positive exchange and mutual understanding with her colleagues.
Image 5, p. 07	Always in motion – even when seated: Zoran Mihajlovic and Kim Meyer (from left to right) in a constructive exchange about Dynamic Discounting – and most likely already in the midst of developing an idea for a new project.
Image 6, p. 08	The introduction of a GRC tool by Katy Klasen brings more movement but also more structure to Würth Finance.
Image 7, p. 09	Learning from each other to go farther together: Thomas Kundert, CEO of Somedia, introduces Hans-Jürg Flury to the daily operations of a radio station in the studio of Radio Grischa (from right to left).
Image 8, p. 11	When many different people work together with motivation, the wheels start turning – the ePayments team at Würth Finance knows this well: Srivaths Chakram, Adriana Liebregts, Shyam Sreenivasan, Sanket Barmma and Gintare Rapkauskaite (from left to right).
Image 9, p. 13	Digitalisation instead of paperwork: The new cash management system enables Jonathan Schläpfer and his team to achieve safer, more efficient and more transparent cash management.
Image 10, p. 14	The lively and active exchange between Armin Broger and Jakob Gülünay, CEO of Säntis Schwebebahn (from left to right), provides constant impulses and drives the development of both parties.
Image 11, p. 16	Visiting Würth Haus Rorschach: José Carlos Viana gave a tour of his exhibition at the opening of his vernissage on 12 June 2024.
Image 12, p. 16	Building Connections – in the truest sense of the word: At the Insights Discovery workshop, colleagues in the Netherlands gain valuable insights into themselves and those around them – all while having plenty of fun.
Image 13, p. 17	What an incredible moment; the win is in hand: Kim Meyer (second from the right) with the project team at the WTT Young Leader Award.
Image 14, p. 17	A cozy wind-down after an eventful day full of action and riddle-solving: The colleagues in the Netherlands enjoy a lively barbecue on a house-boat in 's-Hertogenbosch.
Image 15, p. 17	Brain and muscle training in a unique setting: Three colleagues in Switzerland puzzle over the tablet before continuing up the hill in the summer-like heat.

Würth Finance Group

ANNUAL REPORT 2024

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 longstanding 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.

Würth Finance Group

REPORT OF THE MANAGEMENT

General economic conditions
The modest expectations for economic growth in Europe and the United States in 2024 were more or less confirmed, without any significant improvement in momentum over the course of the year. The lack of any upturn in demand in domestic markets and in key export markets in many manufacturing sectors (the automotive industry, mechanical engineering, housing construction) forced companies affected, particularly in Europe, to adjust capacity and to implement cost saving measures, short-time working and redundancies. The overall geopolitical environment – with a further escalation of Russia's war in Ukraine and the military conflicts and upheavals in the Middle East – hardly improved, and that was not conducive to growth-oriented capital expenditure decisions on the part of the private sector. Moreover, Donald Trump's economic and trade policy programme along with foreseeable shifts in government in Germany and France added further to the prevailing uncertainty towards the end of the year.

Fortunately, the banking and insurance system in Europe is well equipped to deal with any shocks. The latest report from the European Central Bank (ECB), for instance, affirms that the banks it supervises have a sound capital and liquidity position and are highly resilient with respect to potential risks. The banks are very profitable as a result of the change in monetary policy from a low interest rate environment, which has led to sustained gains in net interest income. The results of the 2024 insurance stress test conducted by the European Insurance and Occupational Pensions Authority (EIOPA) also showed that insurers in Europe are well capitalised and are able to meet the Solvency II requirements even in the event of severe shocks. This is necessary, too, given that the number of insolvencies across Europe has risen to its highest level in 10 years and that room for improvement clearly still exists in the financial system's resilience with regard to cyber attacks.

Würth Group
Following a period of around three years with high single-digit or significant double-digit organic sales growth after the Covid-19 pandemic, driven by solid demand from the construction sector and in solutions provided by its electronics business, along with a boom in photovoltaic installations, the Würth Group, like other companies, has been affected by a cyclical decline in sales since the fourth quarter of 2023. Although sentiment in the construction industry improved somewhat over the course of the year, and demand for fastening and assembly materials in the traditional craftsmanship also remained stable, the decline in sales amounted to 3.3% (after adjustment for acquisition effects). This resulted in a decline in the operating result of almost 40%, although operating cash flow was down significantly less thanks to the prompt adjustment of purchasing decisions and inventories in line with the reduced volume of business. Net indebtedness also increased only moderately over the year despite the cash outflow from the acquisition of shares in the TIM Group initiated in financial year 2023. With liquidity held centrally by the Würth Finance Group totalling around EUR 1,400 million and an unutilised credit facility of EUR 500 million that is firmly committed until 2029, the Würth Group has comfortable liquidity reserves available.

Würth Finance Group
Like the commercial banks, the Würth Finance Group's Inhouse Banking division also benefited from the change in interest rates, with record income from the investment of liquidity on the money market. The inverted yield curve made it possible to refinance the 2018-2025 bond maturing in May 2025 early by issuing a EUR 500 million bond in autumn, without impacting net interest income negatively. On the other hand, the Financial Statements reflect the contraction in the Würth Group's core business, in the form of lower income from payment volumes. Würth Financial Services AG maintained the steady growth trajectory of its insurance brokerage business and saw commission income increase by almost 7%.

At EUR 151.5 million, the Würth Finance Group's adjusted income rose by a further EUR 16.7 million compared with the previous year's already high figure. This increase was primarily due to the above-mentioned improvement in net interest income in the Inhouse Banking division. Operating expenses rose by 9.8%, from EUR 41.0 million to EUR 45.0 million. Around 75% of this rise was attributable to higher personnel expenses due to a slight rise in average personnel

Responsibility Statement

In accordance with the EU Transparency Directive and the Dutch Financial Supervision Act (Wet op het Financieel Toezicht), the Management of the Würth Finance Group hereby confirms that, to the best of its knowledge, the Financial Statements for the financial year ended on 31 December 2024 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and that the Management report includes a fair review of the development and performance during the financial year and of the financial situation of the Group at the balance sheet date, as well as of the risks associated with its business.

resources and salary increases. As at 31 December 2024, the Würth Finance Group had 127 employees (FTEs). With an adjusted pre-tax profit of EUR 106.4 million, the company achieved a record result (2023: EUR 93.7 million).

As good as these figures are, the result is not sustainable and will not be repeated at this level. Instead, the interest rate cuts made by the central banks mean that income from cash investments will soon be significantly lower. The sustained success of the Würth Finance Group is based rather on attractive financial and insurance solutions for clients on terms in line with the market. The key to this is having skilled employees, close contact with clients and a consistently high level of process efficiency. In all these respects, significant progress was achieved in financial year 2024.

The Würth Finance Group's sustained success stems from tailored financial solutions, strong client relationships, skilled employees and efficient processes.

Details on the course of business in the Inhouse Banking and External Financial Services divisions follow on pages 24 to 35. The Würth Finance Group's report on risk management and control can be found on pages 36 to 43. The Würth Finance Group does not have its own audit committee, but is integrated into the Würth Group's audit process.

Outlook for 2025
Economic researchers point out that the global economy will remain resilient overall in the coming quarters despite considerable challenges and the risk of a further escalation in trade tensions. While a slight reduction in GDP growth to between 2.0% and 2.5% is expected for the United States, the Eurozone should experience a gradual recovery in economic activity, supported by rising household incomes, a robust labour market and looser financing conditions.

Thanks to the monetary policy measures taken in recent years, inflation rates in almost half of the advanced economies have abated and are again in line with central bank targets. This trend is likely to continue as cost pressures ease and the monetary policy decisions already made gradually feed through to consumer prices.

With its very high equity ratio, its excellent creditworthiness, its business model and the very granular competitive environment, the Würth Group is ideally positioned in both economic and strategic terms to emerge stronger even from periods of stagnation. In the short and medium term, however, the Würth Group will not escape the effects of the gloomy global economic climate and will therefore continue its efforts to adjust capacities and prevent further erosion of its operating profitability.

The Management of the Würth Finance Group will adhere to its sustainable strategy. This is oriented towards client needs and the constant change in the insurance and financial markets. In particular, work will continue in improving cost efficiency in view of ongoing price pressure in the markets for financial and insurance services. This will be achieved primarily through the further standardisation, automation and digitalisation of business processes and product solutions, which also improve the scalability of the business model.

With the prospect of a slight economic recovery, the Management of the Würth Finance Group expects business volumes to remain stable in the current year. However, because of the repayment of the low-coupon 2018–2025 bond and the significant decline in interest income on cash investments, the operating result is expected to fall by around 30% compared to the record year 2024.

Thanks
The Management of the Würth Finance Group is very satisfied with the results achieved in the financial year 2024 and would like to thank all employees for their important contribution to the success achieved. Thanks also go to our clients and business partners, whose trust in the Würth Finance Group has made our success possible in the first place. We look forward to continuing to work with them in 2025.

Roman Fust
Managing Director
Würth Finance International B.V.

Adrian Parpan
Managing Director
Würth Financial Services AG

Report of the Management

INHOUSE BANKING

Alternative Performance Measures (APMs)

In presenting and discussing the Würth Finance Group's financial position, operating results and net profit, Management uses certain alternative performance measures not defined under IFRS. These alternative performance measures (APMs) should not be viewed in isolation as alternatives to the equivalent IFRS measures, and should be used as supplementary information in conjunction with the most directly comparable IFRS measures. APMs do not have a standardised meaning under IFRS, and therefore may not be comparable to similar measures presented by other companies.

To provide a better overview of the development of the Inhouse Banking activities and their added value for the Würth Group, APM adjustments are made. These adjustments affect the operating income and net profit of the Inhouse Banking segment, as shown in the table below.

in TEUR	2020	2021	2022	2023	2024
Hedge accounting effect management accounting	1,492	-548	-619	-203	0
Impairment for credit loss	8,558	-6,450	4,615	-4,273	-1,742

- Hedge accounting effect management accounting refers to the effect of the market valuation of interest rate derivatives to hedge interest rate risk where historically no hedge accounting was applied. As of the implementation of IFRS 9 Hedge Accounting, new hedge relations will be presented as such. In 2023, the last transaction related to this effect expired.
- Impairment for credit loss refers only to related party loss and therefore does not apply to the consolidated financial statements of the Würth Group. This position represents the expected credit loss (ECL) on loans and receivables as at the balance sheet date and until 2021 also the Würth Finance Group's impairment of the capital relinquishment to Internationales Bankhaus Bodensee AG. The ECL calculation is probability-weighted applying a combination of probability of default (PD), exposure at default (EAD) and loss given default (LGD). The LGD is based on the global corporate average of 60% and the PD is based on the Bloomberg default risk of the Würth Group. The PD decreased to 0.33% as at 31 December 2024 (31 December 2023: 0.45%), thus a reduction in ECL of EUR 1.7 million is recognised in the income statement.

2024

in TEUR	APM Inhouse Banking	Hedge accounting effect management accounting	Impairment for credit loss	Segment Inhouse Banking
Income distribution				
Group Financing	76,098	0	1,742	77,840
Net interest income	61,753	0	0	61,753
Income from factoring activities	13,613	0	0	13,613
Other ordinary income	732	0	0	732
Expected credit loss (expenses) / recovery	0	0	1,742	1,742
Central Settlement	31,705	0	0	31,705
Income from trading activities and financial instruments	25,711	0	0	25,711
Trading	20,449	0	0	20,449
Securities investments	5,262	0	0	5,262
Total income	**133,514**	**0**	**1,742**	**135,256**
Total expenses	**–28,449**	**0**	**0**	**–28,449**
Total Inhouse Banking	**105,065**	**0**	**1,742**	**106,807**

2023

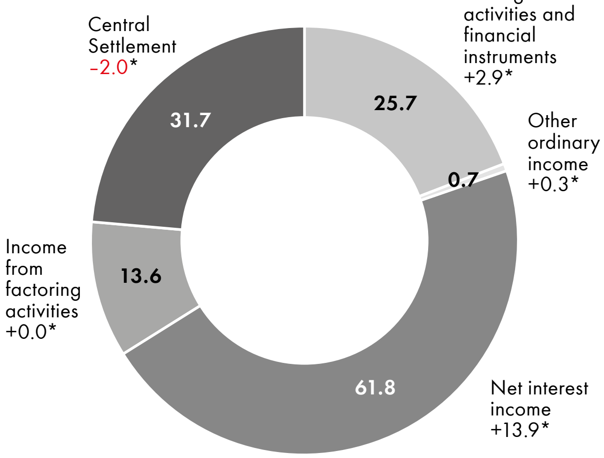
in TEUR	APM Inhouse Banking	Hedge accounting effect management accounting	Impairment for credit loss	Segment Inhouse Banking
Income distribution				
Group Financing	61,929	1,096	4,273	67,298
Net interest income	47,946	1,096	0	49,042
Income from factoring activities	13,573	0	0	13,573
Other ordinary income	410	0	0	410
Expected credit loss (expenses) / recovery	0	0	4,273	4,273
Central Settlement	33,736	0	0	33,736
Income from trading activities and financial instruments	22,758	-893	0	21,865
Trading	16,071	-893	0	15,178
Securities investments	6,687	0	0	6,687
Total income	**118,423**	**203**	**4,273**	**122,899**
Total expenses	**–25,865**	**0**	**0**	**–25,865**
Total Inhouse Banking	**92,558**	**203**	**4,273**	**97,034**

Key events

Record profit
Würth Finance Group's Inhouse Banking division ended the financial year 2024 with a record profit. At EUR 105.1 million, earnings before tax exceeded EUR 100 million for the first time. This milestone is primarily attributable to net interest income, which increased by around one-third compared with the previous year. Similarly, the contribution to earnings from financial market activities (trading and securities investments) again improved year on year, compensating for the slight decline in income components closely correlated to the Würth Group's core business.

Income distribution

in million EUR



*Change vis-à-vis 2023

As pleasing as this development is, it should be noted that it is not sustainable and cannot be maintained in the future. For the second consecutive year, the Würth Group's inhouse bank benefited from high money market interest rates on the assets side of the balance sheet, while interest expenses for bond financing remained low on the liabilities side. These positive effects will come to an end in the near future.

Würth Group financial priorities
The economic conditions for the Würth Group's core business were difficult in most markets. Orders trended down for industrial customers and the construction industry in Germany in particular, leading to reduced demand.

The Würth Group's financial and treasury management priorities in the reporting period were to defend the gross profit margin, adjust working capital in a timely manner to align with the lower level of sales, exercise restraint with regard to growth-oriented investment and acquisition projects, and implement cost-cutting initiatives. Most of the measures are having the desired effect on the Würth Group's financial position, which has remained very solid. Net debt, for example, increased only moderately during the year despite the significantly lower gross cash flow.

Successful financing on the capital market
Based on its conservative financial policy and against the backdrop of the geopolitical uncertainties, the Würth Group in autumn 2024 decided to issue a EUR 500 million bond on the Eurobond market. The purpose of this transaction was to take advantage of the receptive market environment to refinance the bond maturing in May 2025 early. The Würth Group deliberately pursues a conservative financial policy, which is regularly recognised by Standard & Poor's. The agency has awarded the Würth Group an "A" rating twenty-five years in a row (!).

The decision to issue a bond paid off: with offers totalling EUR 2,500 million, the bond was five times oversubscribed.

Since inception, the family-owned company has recognised the importance of maintaining transparency with lending banks and the capital market regarding its performance, and has stepped up its efforts in this regard. Following the expiry of the ECB's bond purchase programme, the bond issue in October clearly demonstrated the advantages of this approach for a successful primary market transaction. The EUR 500 million bond issued by Würth Finance International B.V. with a maturity of just under seven years was five times oversubscribed and was placed with an attractive credit spread and a reoffer yield of 3.05%.

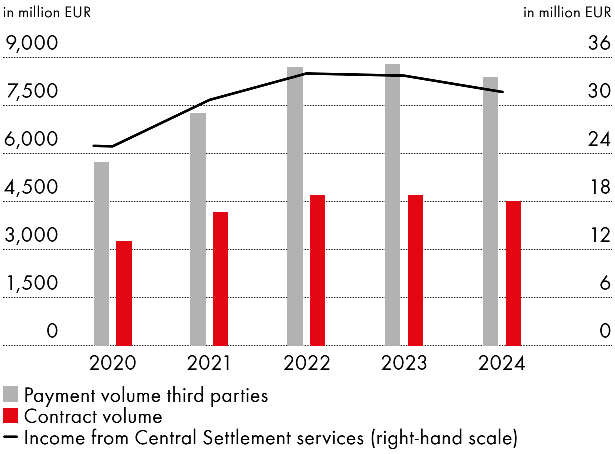
Digitalisation measures
As a central component of the Würth Group's long-term strategy, Würth Finance International B.V. is leading the initiative to centralise and harmonise the Group's treasury system architecture. This includes the technical infrastructure for bank connectivity worldwide. Significant strides were made in this area in 2024. Additionally, significant progress was also made in the extensive project to design the future treasury management system, thanks to the dedicated efforts of all specialist areas.

Business performance

Intercompany factoring activities
Intra-Group receivables are largely settled via a specially developed factoring mechanism. The relevant transfer prices are subject to market changes and were left unchanged in the past financial year. As mentioned before, core business volumes were generally under pressure due to lacklustre sales performance and destocking. This was fully compensated by some individual Group companies with increasing sales. Consequently, the income from factoring activities remained in line with the previous year's level of EUR 13.6 million.

Central settlement of payments to suppliers
On behalf of the Würth Group companies and via its own systems, Würth Finance International B.V. pays a large proportion of the merchandise supplier invoices. For many of these suppliers, Würth Finance International B.V. acts as the central settlement service provider. Accordingly, this source of income is mainly tied to the Group companies' purchasing behaviour and to a lesser extent the volume of new contracts entered into by Würth Finance International B.V. and the price for the services.

Central Settlement: payment volume/income

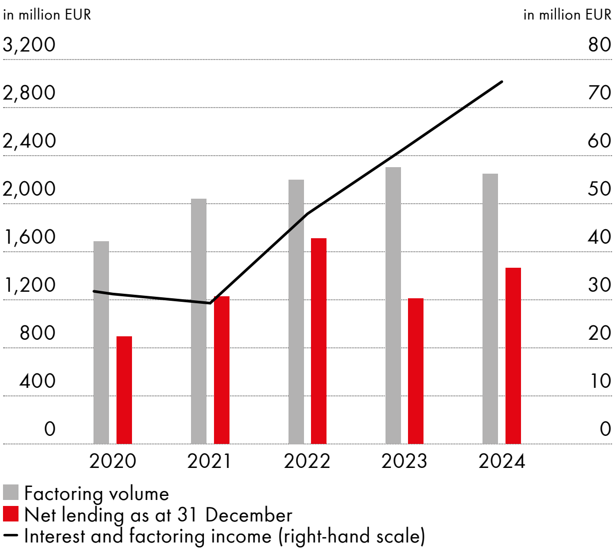


In the past financial year, the number of payments increased by just short of 1% to 544,000. However, the volumes transacted declined by around 4.5% to EUR 8,400 million. This was due to more favourable purchase prices, smaller order items as well as foreign currency effects. Consequently, income from the central settlement of payments to suppliers amounted to EUR 31.7 million, down by 6.0% compared with the previous year.

Net interest income
Although the central banks in Europe and the US decided to cut interest rates for the first time over the course of the year due to significantly lower inflation figures, the Würth Group's inhouse bank continued to benefit, as in the previous year, from the still high money market interest rates. As a result, interest income from the investment of cash reserves – which increased on average from EUR 1,000 million to EUR 1,200 million – rose by around 49.7% from the already high previous year's level to EUR 36.9 million.

Due to the inverted yield curve, it was also possible to invest the funds from the new bond issue with virtually no negative impact on net interest income.

Group Financing volume and income from intra-Group lendings



Thanks to disciplined management of net working capital and a cautious investment approach, the Group companies maintained a relatively stable financial position despite the lower gross cash flow. However, net lendings from Würth Finance International B.V. to Group companies increased by around EUR 280 million to EUR 1,300 million between the end of 2023 and the end of 2024.

As at the reporting date, total assets had grown to a record high of EUR 4,700 million. Net interest income likewise reached a new record of EUR 61.8 million. This reflects the good positioning of the Würth Group's inhouse bank in the areas of security, return and liquidity according to its own order of priority.

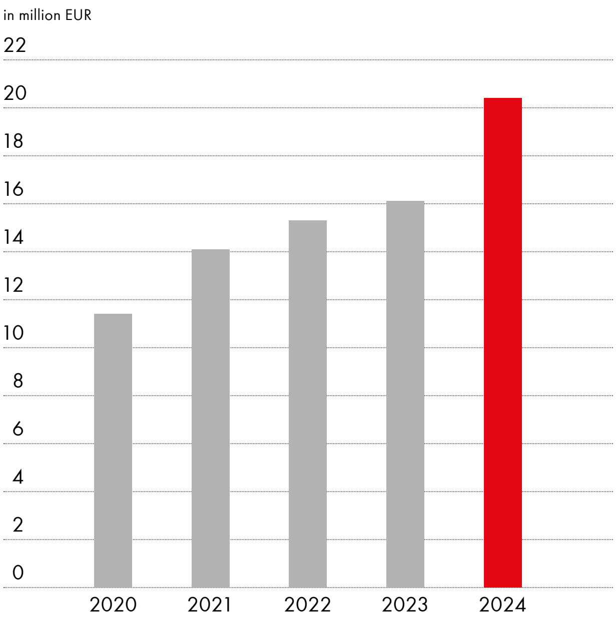
The inhouse bank is well positioned in the areas of security, return and liquidity.

Currency hedging and trading with financial instruments

The inhouse bank's forex experts exchange currencies with the Group companies whenever regulatory requirements allow and favourable prices can be achieved for the counterparties. In addition, consultations and currency hedging are carried out as measures to safeguard the gross profit of Group companies. In the short term, the volumes correlate with the Group companies' purchasing behaviour, meaning that inventory management cycles and hedging transactions over the year-end ultimo can cause volumes to fluctuate significantly year on year.

Trading positions can also lead (within defined ranges) to uncorrelated earnings contributions. In financial year 2024, successful hedges against a rise in the Polish zloty during the acquisition process of the TIM Group was the main reason for the relatively strong 27.2% increase in trading income to EUR 20.4 million.

Trading: income development

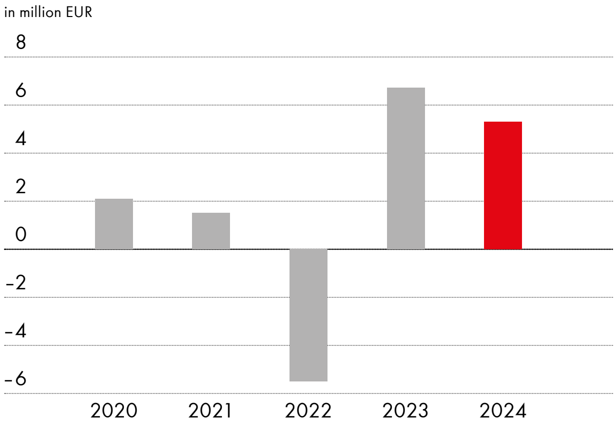


Securities investments

During the past financial year, part of the strategic liquidity reserve was also managed in-house in a securities portfolio. Following the successive expansion of its size in previous years based on higher expected bond yields, the amount invested remained constant in average at EUR 114 million.

Buoyed by the generally good investment year, with rising stock markets and relatively high EUR interest rates (also on bonds from issuers with strong credit ratings), securities investments again generated above-average income of EUR 5.3 million (previous year: EUR 6.7 million). This represents a return of just under 5%.

Securities investments: income development



E-payment services
Würth Finance International B.V.'s e-payments team, in collaboration with internal stakeholders, has meanwhile rolled out the Würth Group's e-payments solution to more Würth companies. Improvements have also been made to enhance the customer experience of the e-payments solution and to increase the productivity of the Würth companies with initiatives such as the Würth automatic reconciliation process.

Overall, volumes totalling EUR 64 million were processed via Würth Finance International B.V.'s systems in financial year 2024, corresponding to an increase of more than 30% compared with the previous year. This strong growth is expected to continue over the coming years, as the importance of digital sales keeps rising. The ongoing development of e-payment services is geared to this trend.

Operating expenses
The inhouse bank's operating expenses rose by EUR 2.6 million to EUR 28.4 million in the reporting year. Two-thirds of this increase was attributable to higher personnel expenses, primarily due to a higher average number of employees (69.7 FTE, +4.3% compared with the previous year) and certain wage increases. With a focus on IT security, automation and standardisation, IT expenses also remained high.

Outlook for 2025

Supported by the central banks' less restrictive monetary policy, the global economy is likely to remain relatively resilient over the coming quarters despite facing considerable challenges, according to the latest OECD economic outlook. However, at the time this Annual Report went to press, leading business indicators – especially in the Würth Group's main markets – pointed to a still challenging competitive environment without significant growth momentum.

Amid this environment, the Würth Group is focusing on improving capacity utilisation and striking a balance between operating cash flow and growth-oriented investments.

Given the lack of growth impetus in the Würth Group's core business, the Management expects profit to decline by around 30% in financial year 2025. The repayment of the low-coupon 2018–2025 bond and significantly lower interest income on cash investments will contribute to this decline, although the Group companies' net financing requirements are likely to remain relatively stable.

Management Würth Finance International B.V. and Würth Invest AG
from left to right: **Daniel Ochsner** | **Alejandro Muñoz** | **Philip Guzinski** (Managing Director) | **Roman Fust** (Managing Director) | **Jorre van Schipstal** | **Patrik Imholz** (Würth Invest AG)

INHOUSE BANKING AT A GLANCE

Core business

The Inhouse Banking division of the Würth Finance Group monitors the financial risks incurred by the Würth Group and takes the necessary measures to retain its financial stability.

In close collaboration with the Central Management Board and the operational Group companies, the Inhouse Banking division ensures that the necessary liquid funds are available to the Würth Group at all times and employs the Group's funds in an optimal manner. The division consists of the legal entities Würth Finance International B.V. and Würth Invest AG.

Cash and securities investments
- Securing of strategic freedom to act by managing the cash reserves of the Würth Group
- Central management of financial investments in the conflicting areas of security, liquidity and return

Providing electronic payment possibilities
- Analysing the business needs and identifying the right service providers
- Integrating various electronic payment methods across sales channels for the branches, e-commerce, m-commerce and the call centres within the Würth Group

Services

Central settlement of payments to suppliers
- Service provider for the central settlement of payments to beneficiaries worldwide
- Collection of receivables on behalf of almost 11,500 Würth Group suppliers vis-à-vis all Group companies and, to a certain extent, insurance of default risk

Group financing and risk management
- Financing of the Würth Group on the capital market, principally by means of bond issues
- Competence centre and interface for banks, investors, financial market regulators, rating agencies and credit analysts
- Provision of comprehensive advice and a wide range of treasury products to Group companies
- Central management of bank accounts and financial risk management for the Würth Group

Facts and figures (at 31 December 2024)

73 employees (FTEs) at the offices in Den Bosch, the Netherlands, and Rorschach, Switzerland

544,000 payment transactions with a volume of EUR 8,400 million in the year under review

Outstanding capital market funding with a total volume of EUR 2,700 million

Account relationships with over 400 Würth Group companies

4,590 foreign exchange transactions with 340 Group companies and a hedging volume totalling EUR 1,760 million

485,000 customer e-payments with a volume increase of more than 40% compared to the previous year

Report of the Management

EXTERNAL FINANCIAL SERVICES

A review of 2024 reveals heightening contrasts at a number of different levels. The front lines between democratically and autocratically governed nations are hardening and are a mounting threat to peace around the world. Technological progress through artificial intelligence promises huge growth potential, while the economies of traditionally strong industrialised countries are increasingly faced with a tougher world in which to operate. Climate change is causing major natural disasters with huge amounts of damage, yet insurance companies are posting glittering business performance figures. Würth Financial Services AG (WFS) likewise concluded the year with growth in revenue and profits, although the Würth Group as a whole faced a number of challenges.

Insurance market 2024

Insurance remains one of the global growth markets. An important element in the growth in premiums is inflation-related pricing adjustments, which for some years now have been a feature of annual insurance policy renewals. This trend remains unbroken: in autumn 2024, for example, six of the seven motor vehicle insurers relevant to Switzerland set higher premiums for 2025.

A continuing trend is the ever increasing number of serious natural disasters. According to Swiss Re, insurance claims worldwide exceeded USD 100,000 million in 2024 for the fifth year in succession, with around USD 10,000 million of these claims registered in Europe, making 2024 the second most expensive year. In Switzerland, too, storms caused considerable damage totalling over CHF 160 million. These events are forcing insurers to revise their risk models and develop sustainable insurance products.

Insurers are also confronted with rapid change in terms of technological developments and innovation. Online platforms, chatbots and other technological innovations forming part of the client journey offer opportunities to improve quality and increase productivity. The challenge of these developments is to ensure acceptance of the new tools by clients and employees, to safeguard independence from the big technology providers and to keep under control the risks relating to liability claims and data protection.

Trends in the insurance brokerage market

As intermediaries between clients and insurers, insurance brokers are similarly affected by technological developments. Not only must insurance brokers introduce ever increasing levels of automation into their own process environments, they are also subject to a direct dependency on insurers and on their digitalisation measures.

In general, the aim is to meet client expectations in terms of pricing, the scope of cover, quality and service level by using technology that is tailored to the client. Especially in the event of a claim, professional support, prompt settlement of the claim and coordination between the client and the insurance company play a central role and are often more important for client satisfaction than the amount of their premiums.

In addition to focusing on their range of services and on technology, last year insurance brokers in Switzerland also had to meet new regulatory requirements: the revised Insurance Oversight Act (IOA), which came into force on 1 January 2024, introduces additional requirements for employees and more comprehensive advisory duties.

Focal points in financial year 2024

The focal points that WFS focused on in 2024 concerned its core areas: sales, operations and product innovation.

At the level of sales, WFS can look back on a pleasing year. The branches in Rorschach and Lugano in particular significantly exceeded their targets for new production, while the units in Zurich, Arlesheim and Chur focused more on structural expansion and retaining existing clients. In 2024, many companies in the WFS client portfolio took over other companies or were acquired themselves, which led to considerable additional work on the advisory side.

At the operational level, WFS succeeded in further strengthening its team of technical specialists. This expansion is of great importance for the further growth of WFS in terms of meeting clients' requirements in the individual insurance lines. It is also essential to ensure that sufficient capacity is available to support existing and new clients in the future. Various initiatives were also launched in 2024 to increase the level of automation of operational processes. The focus here was in particular on building up internal expertise in the Microsoft automation and database platforms.

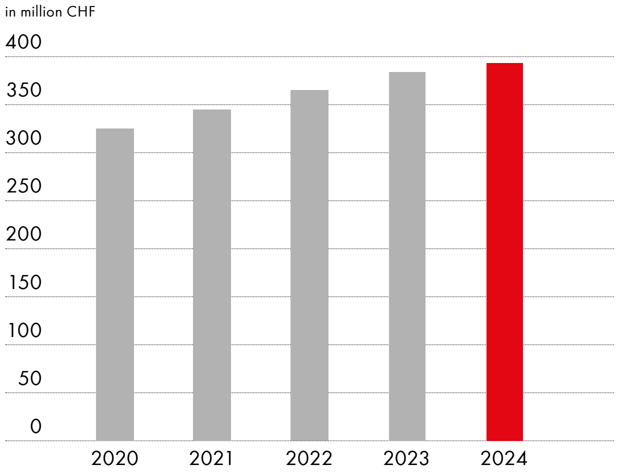
IT remained a significant cost factor in 2024. A key priority was hardening the systems used to defend against external attacks and to provide the best possible protection for client data. The IT infrastructure also needed to be further modernised in order to create a sound basis for future digital projects. The potential of process automation and generative artificial intelligence will change the way WFS works, and the basis for that is a modern infrastructure.

With regard to product innovation, work was done on further developing the InsurHub platform on TWINT. The range of products and the technical capabilities are constantly being extended, and the number of insurance policies taken out is rising steadily. The decisive factor for further scaling in this respect will ultimately be increasing the level of popularity.

Successful course of business in 2024

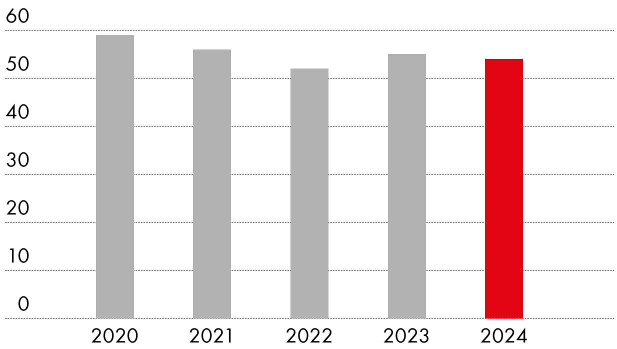
WFS concluded the financial year 2024 with success despite global uncertainty and economic fluctuations. The brokered premium volume increased to CHF 393 million. In line with the increase in premium volume, revenue rose by almost 7%.

Development of premium volume



The number of employees remained unchanged compared to the previous year: the number of sales representatives rose slightly, while the number of support staff fell owing to improved efficiency. Productivity rose slightly compared to the previous year. On the cost side, personnel expenses and IT expenses increased compared to the previous year, while administrative expenses remained constant at the previous year's level. The operating result improved by 6% in financial year 2024.

Number of staff (FTEs)



Outlook for 2025

WFS is cautiously optimistic for 2025. The unclear economic direction that prevails at present and the fact that 2024 was a mixed year in many economies have not yet had an impact on business performance. Nevertheless, it cannot be ruled out that 2025 will bring greater economic challenges. The primary objective for WFS in 2025 is therefore to match the results achieved in 2024. Against this backdrop, pending projects will be scrutinised with a critical eye and capital expenditure decisions in 2025 will be subject to cautious consideration.

With this in mind, the main focus in the coming year will be on sales. With the Würth Group's sales expertise that it has built up over decades and the tools at its disposal, coupled with optimism, commitment and a desire to perform, WFS is looking ahead to 2025 with confidence despite the altered environment.

Thanks to the sales expertise of the Würth Group and the available tools, Würth Financial Services is looking ahead to 2025 with optimism.

Management Würth Financial Services AG
from left to right: **Hans-Jürg Flury** | **Adrian Parpan** (Managing Director) | **Beat Jordan** (Managing Director) | **Luciano Viotto**

EXTERNAL FINANCIAL SERVICES AT A GLANCE

Core business

The External Financial Services division operates under the legal entity of Würth Financial Services AG, one of the leading independent providers of pension and insurance services to corporate clients and private persons in Switzerland.

Experienced consultants and highly qualified specialists draw up tailor-made solutions and advise clients on the best choice of pension and insurance products.

Services

- Insurance brokerage for corporate and private clients
- Claims management
- Pension fund advisory services for corporate clients
- Insurance solutions for credit card issuers and payment providers

Facts and figures (at 31 December 2024)

Number of corporate clients: around 4,000

Premium volume: CHF 393 million

Number of employees: 54 (FTEs)

Five locations: Rorschach (head office), Zurich, Lugano, Arlesheim and Chur

Würth Finance Group

RISK MANAGEMENT AND CONTROL

1 Risk culture

Taking risks has always been inherent in any entrepreneurial activity. As a globally active company, the Würth Group is constantly exposed to risks that can arise both as a result of its own actions or failure to act and as a result of external factors. The conscious and systematic approach to addressing opportunities and risks is inextricably linked to the Würth Group's entrepreneurial activities.

The decentralised structure of the Würth Group represents a great advantage, especially given that the individual countries in which Würth operates vary so greatly in their economic performance. However, as a result of the internationalisation of its business activities, the Würth Group is exposed to the political risks of each economic region.

Due to restrictive legal standards applying to national and international transactions involving goods, services, payments, capital, technology, software and other types of intellectual property, compliance risks have also gained in importance. The Würth Group always seeks to comply with all regulations and administrative requirements for its business, both nationally and internationally. This applies when dealing with Würth's customers and suppliers, employees, competitors, other business partners and public authorities.

Against this background, systematic risk management for achieving corporate goals has become of central importance. The Würth Group's policy on risk and opportunities is aimed at meeting the medium-term financial objectives and at ensuring sustainable, long-term growth. To achieve this, the Würth Group has a system that identifies entrepreneurial opportunities and risks, assesses them using a standardised system, weighs them against each other and communicates them.

The Central Management Board of the Würth Group holds overall responsibility for the Group-wide risk management process and defines the principles of the Würth Group's risk policy and strategy. The Management of each Group company is responsible for establishing an effective and efficient risk management system in its entity. They are supported by the Würth Group risk manager, who reports directly to the Central Management Board and coordinates the risk management process at Würth Group level. The risk manager remains in close contact with the risk controller of the Advisory Board, who reports directly to the Chair of the Würth Group.

The Würth Group actively promotes a strong risk culture, and the Central Management Board or the responsible persons in the areas of compliance, controlling, information security, IT security and data protection regularly communicate the expectations of the risk culture. Employees are also encouraged to take responsibility for identifying and escalating risks and rejecting inappropriate measures. Internal control systems, instructions and training courses ensure that employees are informed about the current status of legislation and also support them in identifying and dealing with risks.

2 Risk governance framework

2.1 Governance

The Würth Group's risk governance framework is based on the "three lines of defence" model as an effective control and monitoring system. In this context, corporate risks are managed by three independent levels, which ensure that the risk and control procedures work properly.

The first line of defence consists of all the functions associated with the implementation of day-to-day business. As the risk owners, they are responsible for identifying and analysing risks in the business processes, implementing appropriate controls on the management of the risks and testing their effectiveness. This first line of defence is intended to prevent or discover and correct at an early stage all risks that are inherent in the operational activities.

In contrast to the first line, the second line of defence primarily serves to control and monitor the first line of defence. It takes on various tasks in supervising and controlling operating risk management, ensuring that this works properly. Responsibility for the second line of defence is assigned to control functions such as compliance and controlling.

The third line of defence is the independent auditing body responsible for internal auditing. It carries out risk-oriented audits on behalf of the Supervisory Body and is independent of the first two lines of defence and the entity's management team. This allows the third line of defence to understand the processes and risks at the first and second lines of defence and to objectively assess the internal control mechanisms.

2.2 Framework

Mutual trust, predictability, honesty and straightforwardness, directed both internally and externally, are fundamental principles that are deeply ingrained in Würth's corporate culture and in the corporate philosophy. This does not just entail adhering to all applicable laws and inhouse regulations, but also means ensuring that employees maintain the proper mindset, which is key to the sustainable corporate success of the Würth Group. Extensive internal guidelines, known as the Policies and Procedures Manual, operationalise these fundamental principles in the form of descriptions of the structural and process organisation, as well as setting out specific rules and codes of conduct.

Using the Group-wide Würth Information System, an integral component of the internal control and risk management system of the Würth Group, all key performance indicators required to steer the Würth Group are presented in a timely manner and are available for further evaluation by the Central Management Board and Executive Vice Presidents, based on standardised monthly reporting.

Würth's Group-wide, system-based control mechanisms, such as validation and cross-checks, optimise the quality of the information used as a basis for decision-making. A Group-wide online record for the Würth Group entities' financial statements is not only efficient, but also avoids carry-over errors, safeguards the uniform provision of information and includes numerous plausibility checks, without which the information cannot be forwarded. This platform also ensures that financial reporting changes are implemented in a uniform manner across the Würth Group. Data are protected against changes by using check digits and a system of IT access rights. Standard software is used for consolidation. Changes in the system settings are logged centrally. The monthly and annual financial statements of Würth Group companies are subject to regular automated assessment mechanisms, as are the consolidated financial statements. Moreover, Würth's Policies and Procedures Manual contains internal procedural instructions.

Internal publications and training include detailed rules on financial reporting. Compliance with these rules is regularly reviewed by the central auditing department. External specialists are consulted to clarify the accounting implications of legal and tax issues. External actuaries calculate pension and similar obligations. Central and local training courses for those in charge of finance departments also ensure that all employees involved in the financial reporting process are up to date on the latest legislation and information of relevance to them.

Embedded in the Würth Group, Würth Finance International B.V. has access to the aforementioned Group-wide risk management system. It is exposed to a large number of risks that are directly linked with the divisional activities of its Inhouse Banking and External Financial Services divisions. The Würth Group's most important risk types are credit risks (including default risks), liquidity risks, market risks (including exchange rate, interest rate and securities price risks) and operational risks.

Most of the Würth Group's financial risks are measured, monitored and controlled centrally by Würth Finance International B.V. It pursues a conservative risk policy as part of its risk-oriented company management. It refrains from transactions with imponderable risks and only enters into quantifiable risks within clearly defined limits. This principle forms the basis of the risk policy and provides guidelines for business decisions. The general goal is not to eliminate all risk, but to achieve a balanced relationship between risk and return.

Principles and methods for measuring financial risks, limits and permissible instruments for managing financial risks, and the design of an effective information and reporting system are set out in separate financial risk management regulations, and all financial transactions must comply with these. This framework includes a detailed list of the maximum risk exposures approved by the Board of Directors of Würth Finance International B.V. A core aspect of the framework is a system of defined, binding limits and permissible financial instruments.

The Würth Finance Group (WFG) maintains an internal control system. The self-imposed obligation to check certain processes, routines and functions at predetermined intervals and to monitor the elimination of identified sources of error allows the WFG to protect itself in advance against financial losses or liability risks. The internal control system is in place to ensure the correctness and reliability of accounting. It contains principles, procedures and measures to ensure the effectiveness and efficiency of accounting. The main objective of the internal control system is to ensure that all business transactions are recorded, processed and documented correctly and in full, in accordance with statutory regulations and standards as well as other internal guidelines.

The principles for handling operational risk are anchored in a comprehensive set of guidelines and procedures that define how employees should carry out their activities. The strategic objective of a balanced relationship between risk and return is always pursued, applying a cost/benefit analysis. Each business area takes responsibility for its operational and compliance risks and for having adequate procedures in place to manage those risks. Entities are supported by designated second line of defence operational risk and compliance teams that are responsible for independent risk oversight.

3 Financial risk and opportunities

Further information on the risks arising from financial instruments and their management can be found specifically in note 18 and in the notes to the separate financial report on the website (wuerthfinance.net).

3.1 Credit risk

Credit risk is defined as the risk of a financial loss caused by a counterparty failing to meet its financial obligations or by a deterioration in the credit quality of the counterparty. In the event of a default, the WFG incurs a loss equal to the amount owed by the debtor, less any recoveries. The maximum credit risk corresponds to the value of all financial assets, contingent liabilities and unused irrevocably guaranteed lending commitments reported in the Financial Statements.

Given the nature of its core business activities, the WFG monitors the counterparty default risk for all its major risk-related activities.

The WFG aims to minimise the credit risk and has defined its risk appetite in only entering into business relationships with first-class external counterparties. Binding counterparty limits are defined for each rating level, but the aim is to enter into business relationships only with banks with a Standard & Poor's minimum rating of "BBB" (equivalent to a rating of "Baa" from Moody's and "BBB" from Fitch). The creditworthiness of all the Würth Group's banking relationships is controlled by daily monitoring of ratings and outlook changes. A rating downgrade leads to a reduction in the credit limits and to immediate reduction or closure and transfer of open transactions to other banks. In 2024 there were seven rating upgrades and one rating downgrade, which did not affect the open positions.

The WFG has concluded ISDA agreements with all external counterparties for financial derivatives transactions. These agreements include a Credit Support Annex that ensures the periodic net present value cash settlement of the outstanding transactions. The counterparty risks relating to delcredere business are transferred in full to insurance companies.

Every Würth Group company is granted a credit limit by the Würth Group's Central Management Board. Würth Finance International B.V. monitors compliance with these limits on a monthly basis. In the event of a continuous credit limit breach, the Würth Group's Central Management Board is obliged to grant a new credit limit. Such credit limit breaches were repeated in the year under review. The Central Management Board subsequently adjusted the credit limits. Any credit risk relating to lendings to individual Würth Group companies with negative equity as at the reporting date are secured by letters of comfort from the superordinate parent company.

3.2 Liquidity risk

The WFG defines liquidity risk as the risk of being unable to meet due payment obligations in full or on time. In addition, there is the risk that refinancing means cannot be procured or can only be procured at higher market rates (liquidity protection or refinancing risk).

The WFG is the main financing company of the Würth Group and, in this function, manages liquidity risks in accordance with the recorded strategic guidelines of the Central Management Board. It also helps to optimise the financial result by exploiting market opportunities in a targeted manner.

The overriding goal of the Würth Group and the associated risk appetite is the ability to meet its payment obligations at all times, even in extraordinary situations.

The high international creditworthiness of the Würth Group (Standard & Poor's has awarded its non-current liabilities an "A" rating) allows the WFG to raise funds in the international capital markets on favourable terms. To cover any liquidity needs that may arise even in extraordinary circumstances, the WFG also has credit lines granted by various banks. The annual financial requirements plan of the Würth Group serves as a basis for the size and the management of such liquidity reserves.

To measure, analyse, monitor and report on liquidity risk, the WFG prepares liquidity overviews on a daily basis and reports the liquidity and debt status of the whole Würth Group to the Central Management Board of the Würth Group on a monthly basis.

All financial requirements were met in the reporting period under review.

3.3 Market risk

A large part of the WFG's business activities is subject to market risk, defined as the possibility of changes in the fair values of the trading and investment positions. Risks may arise from changes in exchange rates, interest rates and securities prices.

One of the main objectives in dealing with market risks is to ensure that the risk corresponds with the approved risk appetite and is appropriate to the defined strategy.

Both on-balance-sheet and off-balance-sheet financial instruments are used to manage market price risks. Before concluding new transactions, compliance with the prescribed limits and the permissibility of derivative financial instruments must be checked. Compliance with the limits is monitored on a daily basis.

The defined limits were not exceeded in the reporting period under review.

3.3.1 Exchange rate risk

The WFG defines exchange rate risk as the loss risk on net assets resulting from exchange rate fluctuations between the transaction currency and the applicable functional currency.

Inhouse Banking's business is exposed to exchange rate risk; the insurance brokerage business is only subject to translation risk from the conversion of business transactions in Swiss francs into the consolidation currency, which is the euro.

Individual limits are set for each currency or currency group to manage exchange rate risks. The limits are to be regarded as open net positions towards the balance sheet currency. The positions are valued and monitored on a daily basis.

In assessing exchange rate risks, the absolute amount of open foreign currency positions and changes in their earnings development are taken into account. For this purpose, all positions are valued on a daily basis at market rates (marked to market) and should not exceed the total amount of EUR 50 million.

In order to control the exposure to exchange rate risk, the WFG enters into FX spot transactions, forwards, cross-currency swaps and currency options with external counterparties.

The defined limits were not exceeded in the reporting period under review.

3.3.2 Interest rate risk

Interest rate risk is the risk of loss arising from changes in interest rates in all currencies. Interest rate risk arises from balance sheet positions such as loans, financial assets at fair value, payables to related parties and banks, and derivatives, including those used for hedge accounting purposes. These positions may affect other comprehensive income or the income statement, depending on their accounting treatment. A significant proportion of the loans to Würth Group companies are refinanced by fixed-interest bonds with partially similar interest and maturity structures.

In order to hedge interest rate risks, the use of derivatives such as forward rate agreements, interest rate swaps, swaptions, caps/floors and cross-currency swaps is permitted in addition to any balance sheet structure measure. The limit for these derivative financial instruments is set at a notional amount of EUR 1,000 million, which was not breached in the reporting period under review.

Interest rate risks are measured using gap and sensitivity analyses, key rate duration analyses and present value calculations.

The WFG's appetite for interest rate risks is defined by the net present value sensitivity of all on-balance-sheet and off-balance-sheet exposures to adverse changes in interest rates by 100 basis points, expressed as a percentage of equity capital.

The defined limits set by the Board of Directors were not exceeded in the reporting period under review.

3.3.3 Securities price risk

Securities price risk is the risk of financial loss resulting from changes in the price of (publicly traded) securities. To assess securities price risks, the absolute amount of the securities position and its earnings performance are considered. All positions are valued at market prices (marked to market).

The WFG pursues a conservative investment policy which allows investment in bonds, money market paper (investment and sub-investment-grade) and shares on regulated stock exchanges and capital markets. In addition to a defined benchmark strategy with strategic equity exposure, securities price risk is countered through diversification of the investment portfolio. Limits per asset class have also been defined to limit securities price risk, including an automatic equity position reduction mechanism which is triggered at a negative YTD return of the equity portfolio of EUR 750,000, maximising the total negative return of the equity portfolio at EUR 6 million per financial year.

This automatic position reduction mechanism was not activated in the reporting period under review.

4 Operational risk

Operational risk is the risk of losses resulting from inadequate or failed internal processes or systems, human error or external events.

4.1 Legal and compliance risk
The WFG defines legal and compliance risk as the risk of possible, unintentional non-compliance with laws, regulations or standards which could have a negative impact on the business and its business relationships and, in the worst case, could result in the imposition of payments for damages, fines, penalties or other forms of liability.

Issues that represent a challenge for financial and insurance service providers include satisfying regulatory requirements, with rules for dealing with employees, clients and business partners, with data and with (supervisory) authorities, as well as addressing possible fraud risk, corruption risk and bribery risk. It goes without saying that the WFG endeavours to observe and adhere to all rules and regulations applying to its business. It has the necessary critical mass and the organisational set-up to ensure effective and efficient compliance management and thus to meet the increasing regulatory requirements in the finance and insurance brokerage business. Due to the increasing legal complexity, the Würth Group has inhouse experts and consults renowned external consultants on a case-by-case basis.

Training and education within and outside the (Würth) Group are carried out regularly to promote awareness of legal and compliance risks among employees.

Furthermore, the Würth Group has a Group-wide whistleblowing system that can be used not only by employees but also by customers, suppliers and other stakeholders to anonymously report suspicions of compliance breaches.

For tax compliance, the WFG is structured in the manner that it needs to comply with both Swiss and Dutch tax legislation and has embedded operating policies and procedures to ensure compliance with these tax legislations.

4.2 Technology
Execution of the WFG's tasks requires high-performance IT systems and networks. Accordingly, the IT systems and IT security are continually enhanced and monitored via an information security management system. The WFG, in collaboration with cyber security experts, works to counter the constantly growing and evolving threat from attacks on information and communications technology. This comprises technical and organisational protection measures and cyber risk awareness training for employees. In addition, the WFG has a business disaster recovery system. The ICT infrastructure is highly scalable, enabling additional business volumes to be dealt with cost-effectively and with a high level of processing quality.

4.3 Staff
The success of the WFG depends to a large extent on its employees and their know-how. Through their ideas and suggestions, the employees are deeply involved in particular activities and work processes and thus make a significant contribution every day to the WFG's continued existence, ongoing improvement and innovations. Personnel risks will continue to influence the WFG in the coming years, as competition for highly qualified employees remains intense. Future success will depend, among other factors, on the extent to which the WFG succeeds in recruiting, integrating and retaining skilled employees in the long term.

Staff turnover is documented and analysed across all hierarchy levels. Regular surveys conducted by independent institutions and monthly monitoring of staff turnover are key tools that allow the WFG to identify unfavourable developments, analyse their impact on staff recruitment and combat these effects using targeted measures. The bottleneck risk arising from current demographic trends, among other considerations, can be countered by attractive employment conditions, a modern and appealing working environment, and training tailored to individual roles.

As a family-owned business, Würth focuses on the long-term development of the company. That applies equally to supporting up-and-coming talent at the WFG. For many years it has taken on apprentices and employed them on a permanent basis, in line with staffing needs, once they have completed their training. In addition, Würth Finance International B.V. successfully gained some initial experience with an international trainee programme aimed at counteracting the shortage of qualified specialists.

In order to secure the company's future, the WFG supports ongoing training throughout employees' professional lives. Its own employees take precedence when management positions need to be filled. Up-and-coming management talents are prepared for various levels of management within the Group through the Würth Group's support programmes. These programmes offer employees targeted development opportunities that are tailored to their individual ambitions and skills. In addition, employee training represents a crucial element of a lifelong learning process within the Würth Group and the WFG.

5 Sustainability

5.1 Foundation

Sustainability is becoming increasingly relevant to society. This is leading to a heightened awareness for concerns such as climate change, social standards and corporate misconduct. As a result, the market environment is changing rapidly across all industries. In addition, the inclusion of sustainability criteria in decision-making by investors and by banks granting loans has led to an expansion and tightening of the associated requirements for corporate governance and risk management at companies.

Sustainability risks, also known as environmental, social and governance (ESG) risks, potentially influence the level of capital and insurance costs, as well as the creditworthiness of the Würth Group and its business partners. This challenge is being met through active sustainability management at strategic and operational level and the expansion of associated reporting, including at the WFG.

Sustainability risks relate to the potential impact that a company, its stakeholders and the environment or society can have on each other. They are based on a triangular relationship where each nodal point acts in both directions. ESG risks can have a positive or negative impact on a company's assets, business model and reputation. They have a complex cause-and-effect relationship with the risk framework and all other risk factors. The systematic incorporation of these risks through the three lines of defence in the company's risk framework is based on reliable and transparent information.

The Würth Group began recording sustainability data in 2020. The first sustainability report for financial years 2020–2022 quantified the sustainability data of 156 of the more than 400 companies, responsible for 88% of the Würth Group's total sales. For the Sustainability Report 2023, the scope of the sustainability reporting was expanded to include the data of all companies for the first time in line with the Würth Group's scope of consolidation (Würth Group Sustainability Report 2023, see wuerthfinance.net).

The WFG – which is integrated into the Würth Group's sustainability management system – will base its future sustainability reporting on the Group-wide database and standardised data infrastructure, thereby ensuring transparency and comparability of sustainability performance. This will enable the WFG not only to minimise risks, but also to achieve a positive impact on the company's reputation and value.
The WFG also sees opportunities to take greater account of sustainability aspects in the design of its own products and services, as part of the Würth Group's sustainability strategy.

5.2 Environmental protection and climate change

Environmental risks arise from the effects of climate change and efforts to mitigate or contain it. They are divided into two categories: Physical risks include the direct impact of weather and climate changes on the economy. Transition risks result from the societal changes brought about by the shift to a decarbonised and circular economy.

The WFG intends to support an environmentally friendly corporate governance of the Würth Group and its business partners. That includes promoting and funding projects that help to reduce greenhouse gas emissions and protect the environment. The first step in this direction is the disclosure and reporting of quantitative metrics on the current situation and the creation of incentives for positive sustainability development. At the same time, the latest developments in IFRS standards as well as the Corporate Sustainability Reporting Directive and the European Sustainability Reporting Standards are adhered to.

The WFG sees the integration of environmental and climate goals into the design of financial and insurance solutions as an opportunity and has made an initial contribution to strengthening sustainability-based financial management in the Würth Group by concluding a "sustainability-linked" loan agreement.

5.3 Social standards
In the context of ESG, social risks relate to the consequences of a company's failure to meet its social responsibilities in its role as an employer, customer, service provider and stakeholder in society. For the Würth Group and the WFG, it has always been self-evident that they need to behave in a socially responsible manner towards all stakeholders and to give high priority to the relevant values when designing and developing the company's social architecture.

With regard to employees, the WFG's commitment is not limited to health and safety. It wishes to support its employees in their activities and work experience. The WFG strives to attract and foster a broad range of talented employees at all levels of the company; it is eager to promote workforce diversity and equality of opportunity and regards a fair remuneration system as a self-evident requirement.

The WFG is continuously investing in digital collaboration infrastructure. This results not just in efficiency-enhancing workflow automation; it also creates new opportunities for collaboration at different work locations with flexible working time models and conditions, adapted to the needs of employees.

Based on the values of the Würth Group, the WFG supports local social projects and organisations in the Netherlands and Switzerland. These are often linked to volunteering work by employees, for example as part of Special Olympics, an organisation that provides training and competition in sports for people with intellectual disabilities.

5.4 Governance
The third element in ESG relates to the factors of good corporate governance. The guiding principles in this area are accountability, fairness, transparency and responsibility. It must be taken into account that the specific institutional and cultural context significantly influences the way a company is set up and monitored.

The WFG has suitable and effective structures, management and decision-making systems, procedures and processes as well as competent staffing of management and supervisory bodies, as important elements in ensuring good corporate governance. This is complemented by a solid financial position, a comprehensive and effective risk control system and performance-related remuneration structures.

The WFG's corporate governance is geared towards complying with the relevant legal and regulatory requirements, avoiding infringements wherever possible and thus protecting the company's good reputation. An institutionalised whistleblowing system helps in the identification and reporting of any infringements. The WFG works closely with the authorities in the clarification of conduct that does not comply with the law and standards.

The decentralised structure of the Würth Group and short decision-making paths enable the WFG to respond quickly to changes with regard to the shaping of corporate governance and thus support long-term, sustainable growth.

5.5 Diversity and inclusion
The Würth Group and Würth Finance International B.V. recognise the importance of a diverse workforce and believe that their business activities benefit from staff with a variety of world views, experiences and socio-economic backgrounds. Thanks to these aspects different perspectives arise, which help to drive growth and innovation and avoid a silo mentality.

In order to anchor these aspects firmly within the corporate culture, multilingual communication is promoted for employees. This can be seen, for example, in bilingual information events and in written communication with employees in different languages. Access to relevant information in different languages improves mutual understanding, makes for a stronger connection between the various teams and promotes a sense of belonging to the company among employees.

Following the introduction of statutory requirements regarding gender diversity in the Netherlands for companies such as Würth Finance International B.V., the company's diversity policy was revised in 2022. Under the new policy, the company undertakes to improve the gender balance throughout the company and has developed ambitious targets for this purpose. In this context, the current composition of the Board of Directors and Management, as well as the current representation of women in the company, have been taken into account.

Würth Finance International B.V. as at 31 December 2024

Composition male/female per relevant corporate body	Male	Female
Board of Directors	7	1
Management: Managing Directors	2	0
Management: other members	3	0
Company	54	29

Note: the Management consists of the statutory members (Managing Directors) and non-statutory members.

To accelerate the achievement of a better gender balance at the management level, the company aims to appoint at least one female member for the Management and Board of Directors by the end of 2025. The Board of Directors achieved this target in 2024 through the appointment of a woman to the Board. In the long term, a minimum balance of 30% men and 30% women by 2030 is targeted.

The following measures have been or will be taken to achieve these goals:
- The Würth Group has established a "diversity and inclusion team" supporting all Group companies including Würth Finance International B.V. in their ambition to achieve a more diverse workforce and an inclusive working environment. This support consists of a mentoring programme, a women's network and training materials to create awareness on diversity and inclusion (D&I).
- Würth Finance International B.V. has ensured that gender neutral wording will be used whenever job vacancies are announced.
- "Gender diversity" will be included in the profile for new members of Management and the Board of Directors.
- Recruiters are instructed to include female talent in relevant shortlists.
- Working towards teams with greater gender diversity is included as an objective for senior management.
- All employees are educated on the value of diversity. Managers are trained and made aware of the topic.
- The company will monitor how applicants, employees and leavers perceive the issues of diversity and inclusion as experienced within Würth Finance International B.V. (and action is taken based upon the outcome).
- Würth Finance International B.V. has set up a D&I working group to tackle D&I issues and help create a more inclusive working environment.

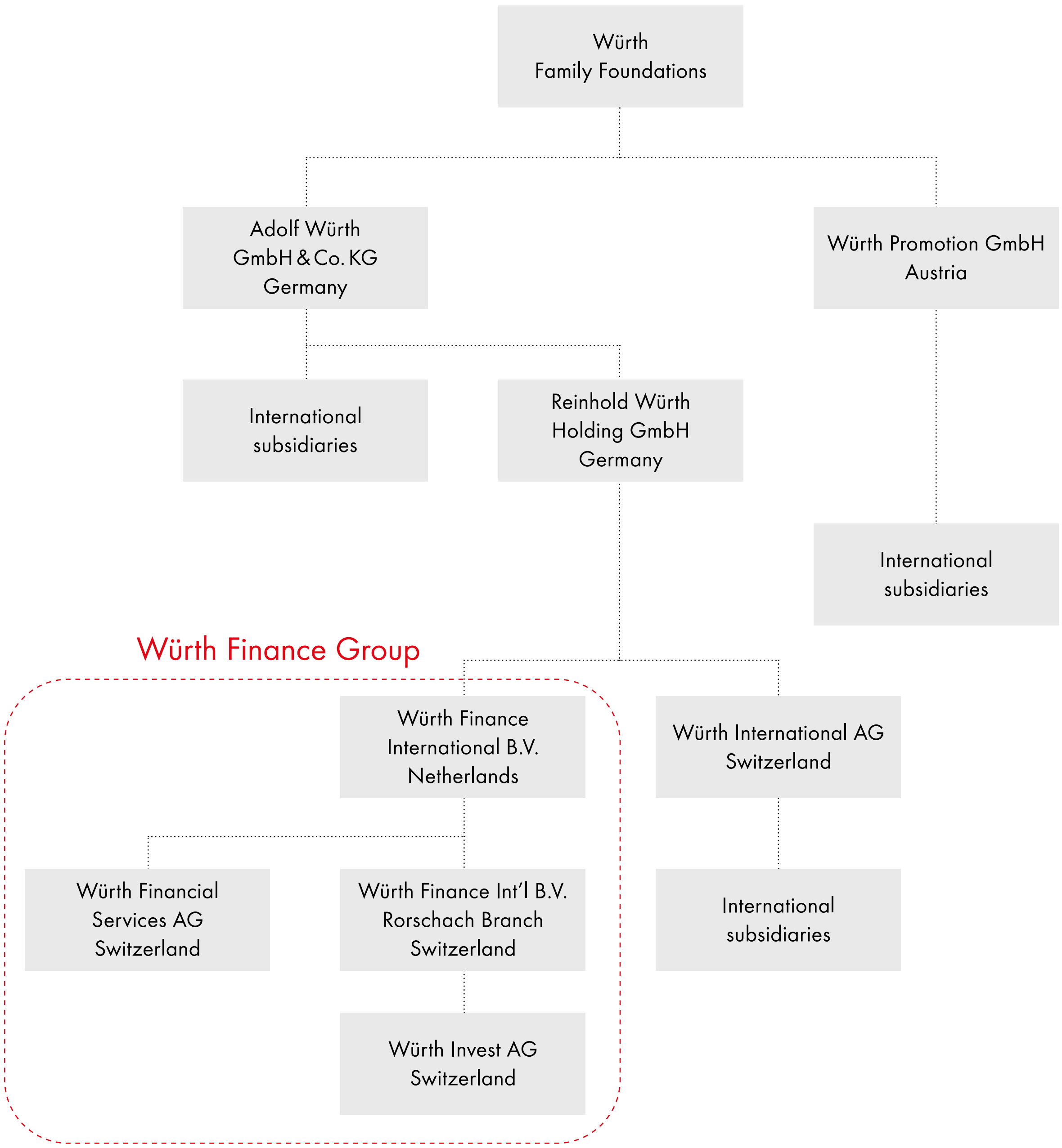
The current composition of the management reflects the fact that the company, with its male-dominated employee base, has traditionally supported the promotion of internal candidates. While the company will continue to invest in the development and promotion of its people, it recognises the importance of creating an inclusive workplace and attracting female talent at all levels. Although the desired change will not happen overnight, the company has clear goals on what it aims to accomplish and is determined to act accordingly.

Basic principles of our risk management system

- The Management bears the responsibility for all risks incurred as a result of the company's business activities and seeks to achieve a healthy balance between risk and returns.
- An independent control process forms an integral part of the corporate structure.
- Employees are familiar with and alert to the principal risks specific to their area of activity. A central element of risk control is the comprehensive, transparent and objective disclosure of risks to the Group and company management, owners, supervisory authorities and other stakeholders.
- Income is protected on the basis of risk tolerance – i.e. the maximum risk that the Würth Finance Group can bear given its financial and earning power.
- Ultimately, the Würth Finance Group's reputation depends on effective risk management and control.

Würth Group

LEGAL STRUCTURE (SIMPLIFIED ILLUSTRATION)



Würth Finance Group

EXECUTIVE BODIES

(As at 31 December 2024)

Board of Directors **Würth Finance International B.V.**		Elected until:
Ralf Schaich (Member of the Central Management Board of the Würth Group)	Chairman	2025
Prof. Dr. h. c. mult. Reinhold Würth (Chairman of the Supervisory Board of the Würth Group)	Member	2025
Dieter Gräter (Vice President Finance, Würth-Verwaltungsgesellschaft mbH)	Member	2025
Christoph Raithelhuber	Member	2025
Mag. Michel Haller (Chief Executive Officer of Hypo Vorarlberg Bank AG)	Member	2026
Joachim Kaltmaier (Former Member of the Central Management Board of the Würth Group)	Member	2026
Wolfgang Kirsch (Former Chief Executive Officer of DZ Bank AG, Chairman of the Supervisory Board of Fresenius SE & Co. KGaA)	Member	2026
Isabelle Damen (CFO and Board Member of the Teijin Aramid Group, member of the Supervisory Board of Pro Rail & BN International)	Member	2028

Managing Directors **Würth Finance International B.V.**
Roman Fust
Philip Guzinski

Managing Directors **Würth Financial Services AG**
Adrian Parpan
Beat Jordan

Managing Directors **Würth Invest AG**
Roman Fust (Delegate of the Board of Directors)
Patrik Imholz

Auditors	
BDO Audit & Assurance B.V., Eindhoven:	Würth Finance International B.V.
BDO AG, Zurich:	Würth Invest AG
EY, Zurich:	Würth Financial Services AG

Internal auditors	
KPMG, Zurich:	Würth Finance International B.V.

Würth Finance Group

INFORMATION FOR INVESTORS

Outstanding capital market transactions by Würth Finance International B.V. at 31 December 2024:

Bond				
Notional amount:	Coupon rate:	Re-offer yield:	Term:	Listing:
EUR 500 million	1.000%	1.038%	25.05.2018–26.05.2025	Luxembourg Stock Exchange / ISIN: XS1823518730
CHF 300 million	2.100%	2.070%	16.11.2022–16.11.2026	SIX Swiss Exchange / ISIN: CH1206367604
EUR 750 million	0.750%	0.782%	21.05.2020–22.11.2027	Luxembourg Stock Exchange / ISIN: XS2176534795
EUR 600 million	2.125%	2.174%	23.05.2022–23.08.2030	Luxembourg Stock Exchange / ISIN: XS2480515662
EUR 500 million	3.000%	3.051%	28.10.2024–28.08.2031	Luxembourg Stock Exchange / ISIN: XS2911681083

All bonds are irrevocably and unconditionally guaranteed by Adolf Würth GmbH & Co. KG and have been granted an “A” rating by Standard & Poor’s.

Multi Currency Commercial Paper Programme		
Notional amount:	Coupon rate:	Maturity period:
EUR 500 million	variable	7 days – 2 years

Under this programme, both Würth Finance International B.V. and Adolf Würth GmbH & Co. KG can issue short-term commercial paper for up to a cumulative total of EUR 500 million.

EXCERPT FROM THE FINANCIAL STATEMENTS 2024

Consolidated income statement
for the year ended at 31 December

in TEUR	2024	2023
Operating income		
Interest income from financial instruments measured at amortised cost	144,953	125,621
Interest income from financial instruments measured at fair value through profit or loss	24,770	22,768
Interest expenses	-105,826	-97,545
Net interest income	**63,897**	**50,844**
Income from factoring activities	13,613	13,573
Income from commission and service fee activities	49,505	49,564
Income from trading activities and financial instruments	23,540	20,376
Other ordinary income from related parties	910	592
Expected credit loss (expenses) / recovery	1,742	4,273
Total operating income	**153,207**	**139,222**
Operating expenses		
Personnel expenses	-26,738	-23,735
Other administrative expenses	-16,207	-15,268
Amortisation expenses	-2,082	-2,018
Total operating expenses	**-45,027**	**-41,021**
Profit before taxes	**108,180**	**98,201**
Income tax expense	-21,930	-19,132
Net profit for the year	**86,250**	**79,069**

Consolidated statement of comprehensive income
for the year ended at 31 December

in TEUR Net of tax	2024	2023
Profit for the year	**86,250**	**79,069**
Total items that will be reclassified to the income statement		
Exchange differences on translation of foreign operations	-250	141
Net gain / (loss) on cash flow hedges	1,614	1,918
Total items that will not be reclassified to the income statement		
Remeasurement gain / (loss) on defined benefit plans	-2,109	-3,439
Other comprehensive income for the year (OCI)	**-745**	**-1,380**
Total comprehensive income for the year, net of tax	**85,505**	**77,689**

Consolidated balance sheet

at 31 December before appropriation of profits

in TEUR	2024	2023
ASSETS		
Non-current assets		
Intangible assets	1,238	1,435
Right-of-use assets	2,247	1,621
Property, plant and equipment	397	271
Loans to related companies	1,164,651	1,389,770
Positive fair values of derivative instruments	5,293	10,193
Deferred tax assets	1,183	1,781
Total non-current assets	**1,175,009**	**1,405,071**
Current assets		
Receivables from related companies	1,723,063	1,297,954
Positive fair values of derivative instruments	12,713	9,785
Other assets	5,412	5,724
Income tax receivables	0	55
Accrued income and prepaid expenses	16,186	12,088
Securities at amortised cost	186,426	112,949
Securities at fair value through profit or loss	113,607	114,782
Cash and cash equivalents	1,430,269	1,191,590
Total current assets	**3,487,676**	**2,744,927**
Total assets	**4,662,685**	**4,149,998**

EQUITY AND LIABILITIES		
Shareholders' equity		
Issued capital	16,000	16,000
Additional paid-in capital	5,000	5,000
Retained earnings	497,274	438,133
Cash flow hedge reserve	-3,795	-5,409
Foreign currency translation	-71	179
Total shareholders' equity	**514,408**	**453,903**
Non-current liabilities		
Bonds issued	2,155,764	2,149,847
Liabilities for pension plans	7,227	5,292
Lease liabilities	1,054	341
Negative fair values of derivative instruments	12,561	12,949
Deferred tax liabilities	385	397
Total non-current liabilities	**2,176,991**	**2,168,826**
Current liabilities		
Bonds issued	498,623	0
Payables to related companies	1,422,468	1,474,770
Lease liabilities	1,217	1,304
Payables to banks	675	5,731
Income tax payables	14,791	12,422
Negative fair values of derivative instruments	10,168	13,227
Other liabilities	11,571	10,435
Accrued expenses and deferred income	11,773	9,380
Total current liabilities	**1,971,286**	**1,527,269**
Total equity and liabilities	**4,662,685**	**4,149,998**

Consolidated statement of changes in equity
for the year ended at 31 December

in TEUR	Issued capital	Additional paid-in capital	Retained earnings	Cash flow hedge reserve	Foreign currency translation	Total
At 1 January 2023	16,000	5,000	387,503	–7,327	38	401,214
Net profit for the year	0	0	79,069	0	0	79,069
Foreign currency translation	0	0	0	0	141	141
Cash flow hedge accounting	0	0	0	1,918	0	1,918
Remeasurement gain / (loss) on defined benefit plans	0	0	–3,439	0	0	–3,439
Total comprehensive income for the year	**0**	**0**	**75,630**	**1,918**	**141**	**77,689**
Dividends	0	0	–25,000	0	0	–25,000
At 31 December 2023	**16,000**	**5,000**	**438,133**	**–5,409**	**179**	**453,903**
At 1 January 2024	16,000	5,000	438,133	–5,409	179	453,903
Net profit for the year	0	0	86,250	0	0	86,250
Foreign currency translation	0	0	0	0	–250	–250
Cash flow hedge accounting	0	0	0	1,614	0	1,614
Remeasurement gain / (loss) on defined benefit plans	0	0	–2,109	0	0	–2,109
Total comprehensive income for the year	**0**	**0**	**84,141**	**1,614**	**–250**	**85,505**
Dividends	0	0	–25,000	0	0	–25,000
At 31 December 2024	**16,000**	**5,000**	**497,274**	**–3,795**	**–71**	**514,408**

Würth Finance International B.V. has authorised share capital of EUR 80 million consisting of 160,000 share certificates with a nominal value of EUR 500. Of this authorised share capital, 32,000 share certificates have been subscribed and fully paid in, corresponding to EUR 16 million.

The net profit for the year and other comprehensive income for the year are attributable to the equity holders of the parent.

In 2024, a dividend of TEUR 25,000 (EUR 781 per share) was paid for financial year 2023.

Consolidated cash flow statement

for the year ended at 31 December

in TEUR	2024	2023
Net profit for the year	**86,250**	**79,069**
Amortisation and impairments	515	501
Adjustment to provision for taxes	2,369	3,112
Deferred tax expense / (benefit)	586	781
Other expenses and revenues without cash flows	10,400	27,319
Foreign exchange gains and losses (long-term loans)	-14,291	3,132
Foreign exchange gains and losses (short-term loans)	-8,528	2,287
(Increase) / decrease in operating assets		
Redemption of long-term loans to related companies	62,318	69,167
Lending of long-term loans to related companies	-292,905	-303,882
Receivables from related companies	55,738	449,753
Positive fair values of derivative instruments	1,972	1,549
Income tax receivables	55	-3
Other assets, accrued income and prepaid expenses	-3,786	-2,615
Increase / (decrease) in operating liabilities		
Payables to related companies	-52,302	280,108
Negative fair values of derivative instruments	-3,447	6,169
Other liabilities, accrued expenses and deferred income	3,529	-6,253
Net cash flows from operating activities	**-151,527**	**610,194**
Purchase of property, plant and equipment, and intangible assets	-444	-335
Purchase of securities	-294,259	-154,587
Disposal of securities	217,735	32,224
Net cash flows from investing activities	**-76,968**	**-122,698**
Proceeds of borrowings	497,230	0
Repayment of borrowings	0	0
Commercial paper	0	-75,000
Dividend payments	-25,000	-25,000
Net cash flows from financing activities	**472,230**	**-100,000**
Net increase / (decrease) in cash and cash equivalents	**243,735**	**387,496**
Net cash and cash equivalents at the beginning of the year	**1,185,859**	**798,363**
Net cash and cash equivalents at the end of the year	**1,429,594**	**1,185,859**
Net increase / (decrease) in cash and cash equivalents	**243,735**	**387,496**
Additional information on operating cash flows		
Income taxes paid	**-18,428**	**-15,742**
Interest received	**179,163**	**154,701**
Interest paid	**-88,369**	**-88,707**

The funds for this cash flow statement are represented by cash and cash equivalents (net of payables to banks).

Statement

This version of the annual financial reporting of the Würth Finance Group for the year ended 31 December 2024 is not presented in the ESEF format as specified in the Regulatory Technical Standards on ESEF (Delegated Regulation (EU) 2019/815). The ESEF annual financial reporting is available at: wuerthfinance.net

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