

Report from the **Chair of the Advisory Board**



The Advisory Board continued to work constructively and in a spirit of trust with the Management Board in 2024.

Difficult economic environment in 2024

A decrease of EUR 486 million in trading volume for goods and growth of EUR 155 million in trading volume for finance resulted in total volume of EUR 8.94 billion (previous year: EUR 9.27 billion) for 2024 (minus 3.6 percent). In view of the geopolitical crises and domestic political pressures, the Advisory Board expressed its appreciation and respect for this result to the Management and the teams of employees.

Hopes of an economic recovery in Germany had to be abandoned after the first quarter of 2024. In 2024, Germany remained on course for recession in macroeconomic terms and was the lowest-ranked major economy in Europe in terms of economic growth. The entire sector – with its strong dependence on the construction industry – characterised the opportunities and challenges for E/D/E. Despite defensive planning, the approved budget for 2024 could not be achieved. The preliminary figures presented to the Advisory Board were around ten per cent below the previous year's results.

The Management Board presented the Advisory Board with an overview of the different developments in the product business between Europe and Germany. The European members were able to almost maintain the trading volume transacted with E/D/E, while the members in the domestic market had to cope with further significant declines in all product areas in certain cases.

Key Advisory Board topics in 2024

Developments that quickly became apparent early on in the year prompted the Advisory Board to focus its attention specifically on risk potential, cost development, the earnings situation and the liquidity situation. The results, which fell significantly short of expectations, particularly in the warehousing business, required a targeted reduction in inventories, about which the Advisory Board was regularly informed.

The Advisory Board attached great importance to regular reporting on the package of measures adopted to secure results in 2024. More than three quarters of the measures presented in detail by the Management Board were successfully implemented and have stabilised the company's results.

One important topic of consultation was once again the consistent investment activity in essential future projects. The Advisory Board welcomed and supported the Management Board's policy of maintaining investments despite the company's subdued performance. These primarily include the development and implementation of the digital projects SHOPcloud360, DATAcloud360 and myEDEportal, the new technical development of Toolineo and preparations for the transformation to the SAP S/4 system. The Advisory Board was able to confirm that all projects are "on track."

ETRIS BANK's contribution to the company result

The strategic and operational progress of the ETRIS BANK was of particular importance to the Advisory Board. ETRIS BANK's results rendered a disproportionately positive contribution to the key figures of the consolidated result in view of the problematic development characterising the product business. Both strategic business areas (central payment and factoring) once again achieved growth rates and laid the foundations for further growth in 2025. With a total volume of around EUR 2.7 billion, a new record was achieved. The financial result was once again significantly higher than the previous year's good figures.

Systematic reporting on the payment behaviour of members was also of particular interest to the Advisory Board following a significant increase in insolvencies reported in the economy. The Advisory Board was able to satisfy itself that, thanks to the very close support of business partners by the ETRIS BANK, exceptional loan losses have been avoided to date. In view of the statistical trend, the Advisory Board nevertheless recommends adjusting risk provisioning.

Personnel changes at Management level of the E/D/E GmbH

In the Management of the E/D/E GmbH, age-related management changes in key areas of IT, on the one hand, and Digital Services, on the other, were successfully completed. The Advisory Board expressly welcomed the professional selection process and had the opportunity to discuss initial impressions and experiences with both new Managing Directors after a few months in office. In the opinion of the Advisory Board, E/D/E is well-equipped for future challenges with these commitments.

Results for 2024 and budget for 2025

At the meeting on the 5th of December 2024, the Advisory Board dealt intensively with the preliminary company results for 2024. The Advisory Board recognised the results achieved. The second focal point was the discussion of the budget for 2025 prepared by the Management Board – including the various measures to secure earnings in 2025, further investment planning, the personnel situation and the competitive situation.

The Advisory Board agrees with the Management Board that no noticeable source of growth impetus is to be expected from either the overall economic development or specific sector development. The situation is slightly better in European countries. The industry survey conducted again by the Management Board at the end of the year confirms this assessment. The Advisory Board and Management Board unanimously believe that a stabilisation or slight trend reversal in the company's results in 2025 can be achieved solely through the acquisition of new members and contract suppliers in Germany and Europe. The Advisory Board expressly welcomes the initiative that has already been launched to this end.

The proposed budget for 2025 was unanimously approved in all details by the Advisory Board. It provides for a total trading volume of around EUR 9.2 billion. The consolidated net profit is expected to reach EUR 18.9 million

and the cash flow EUR 26.1 million. Stable equity capital ensures that all future investments can continue to be made from our own resources. Once again, the Advisory Board considers these targets to be very ambitious, yet achievable if all the activities and measures presented are implemented consistently.

Cooperation between the Advisory Board and the Management Board

In 2024, the Advisory Board performed its duties in a timely and proper manner in accordance with the Articles of Association and the prevailing Advisory Board regulations. It carefully monitored the Management Board and provided advice on all strategic and important operational issues. The Advisory Board was at all times fully represented and quorate at all meetings. The composition of the Advisory Board remained unchanged in 2024. Meetings were held on the 21st of March, the 27th of June and the 5th of December. The results of the meetings were minuted and unanimously approved.

The Management Board provided the Advisory Board with comprehensive documents and presentations for all meetings and explained them in detail, in order that the Advisory Board was always informed about all significant economic and strategic developments. To ensure prompt reporting, the Advisory Board also received timely quarterly reports on the development of the trading volume and the respective quarterly Consolidated Financial Statements. There were also no extraordinary events and/or developments in 2024 that would have given rise to a special meeting or an ad hoc announcement to the Advisory Board.

The Chairman of the Advisory Board also remained in regular contact with the Management Board. Questions were answered comprehensively and requested documents were delivered promptly. The cooperation throughout 2024 was characterised by mutual trust and constructive consultations. This is how it should remain in 2025.



Hans-Jürgen Adorf
Chairman of the Advisory Board



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