

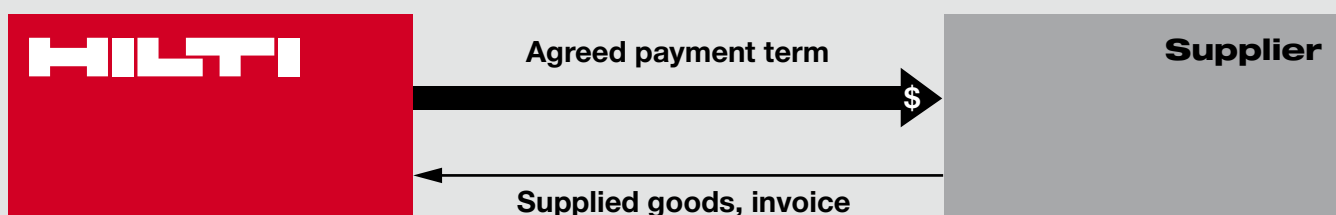
Supply chain financing

Hilti is in the process of standardizing payment terms group-wide in selected countries. Observance of the agreed payment term might result in a difficult situation for suppliers as liquidity is needed for business continuation. A supplier might need to apply for bank financing at substantial interest rates. Since Hilti also aims at keeping liquidity for as long as possible, there is a conflict of interest.

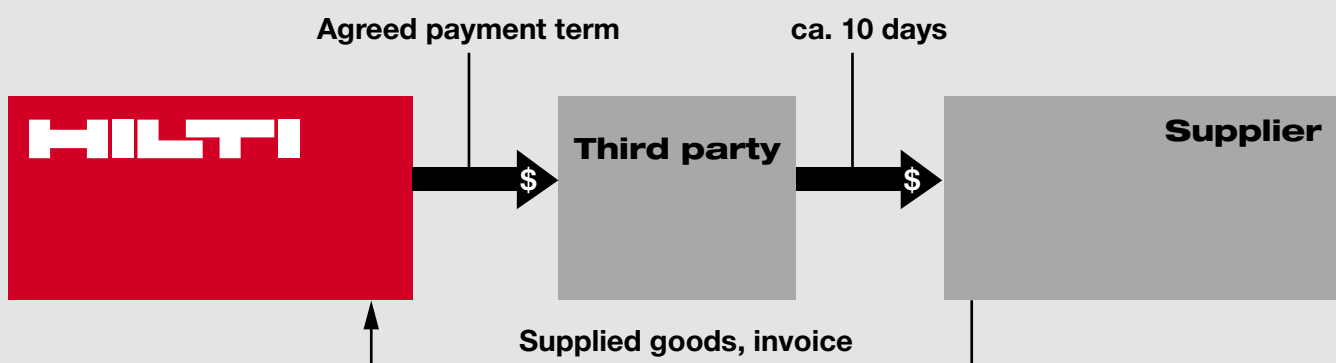
Therefore, in order to reduce the impact of long or increased payment terms for suppliers, Hilti has been in discussions with

a supply chain finance provider who may be willing to provide financing to Hilti's suppliers. The supply chain provider offers the participation in a reverse factoring program which allows the supplier to cash in the invoice amount after a short period of time (approx. 10 days). The supply chain finance provider receives the invoice amount from Hilti after the agreed payment term. The reverse factoring program results in benefits in terms of working capital for both Hilti and its suppliers and works, in principle, as set out below:

Classical invoice mechanism



Supply chain financing



Suppliers' potential benefits

- **Working capital optimization:** As a result of accelerated payment suppliers may be able to achieve improvements in their working capital situation. This might help in omitting internal financial resources which are inevitably more expensive.
- **Credit capacity:** The program may free up capacity of bank lines and other debt facilities for more strategic use and optimizes liquidity.
- **Improved cash flow forecasting:** Invoices that are approved for payment are immediately visible on the third party's platform. Furthermore, suppliers may profit from a strengthened financial position and a full cash flow certainty.

Information and registration

If you would like to learn more about our Supply Chain Financing initiative, please get in touch with your responsible Supply Manager at Hilti Corporation. The project team is looking forward to getting in touch with you and to informing you about

details in person or in a call. The registration process has been kept easy should you decide to join the program. In about two weeks the program is set up and all your invoices would be processed in the new process.

Notice

Please note that Hilti does not provide any financial advice or any commitment that financing will be available. Supplier will be responsible for assessing the merits of the financing

arrangements proposed by the supply chain finance provider. Hilti will be pleased to put supplier in touch with the supply chain finance provider.