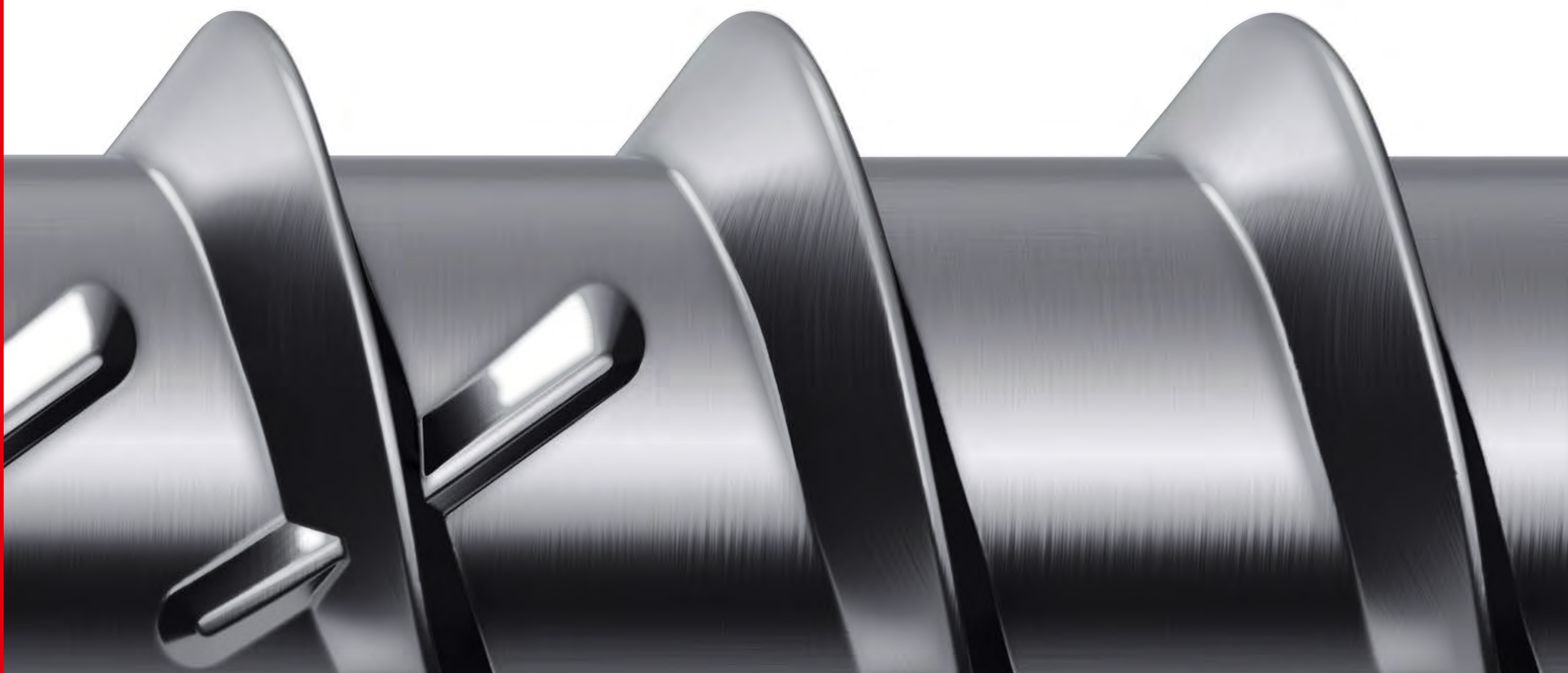
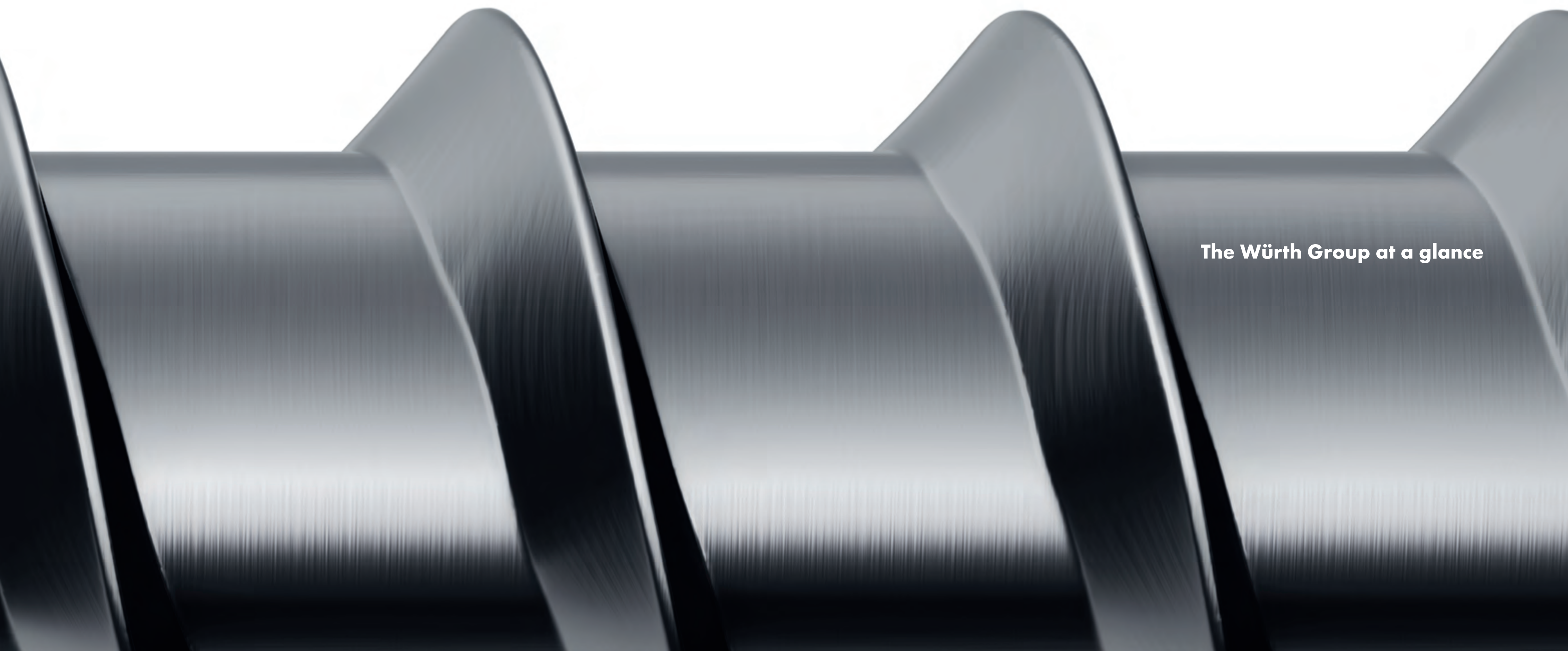
WÜRTH GROUP

More than a product



Würth Group 2021 Annual Report

WÜRTH GROUP

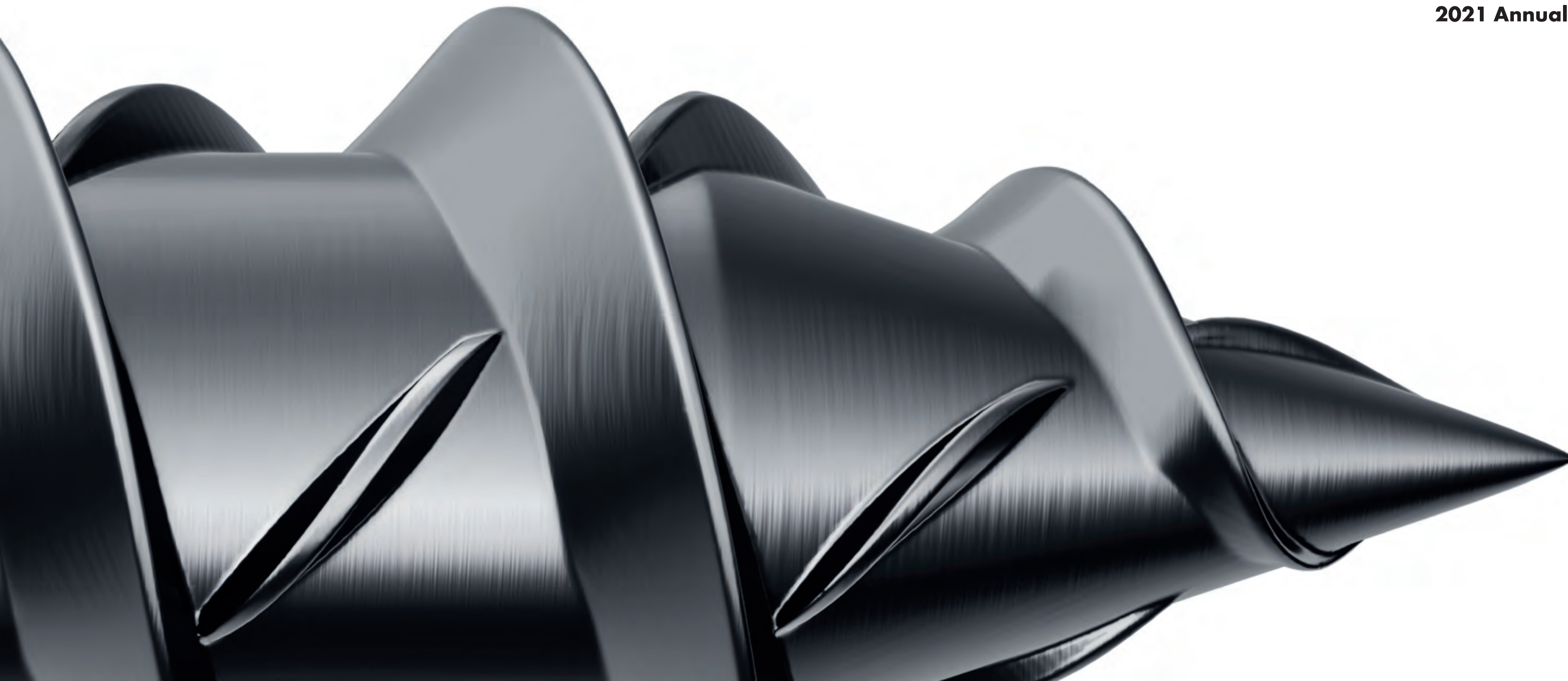


The Würth Group at a glance

More than a product

Würth Group

2021 Annual Report



THE WÜRTH GROUP AT A GLANCE

WÜRTH GROUP

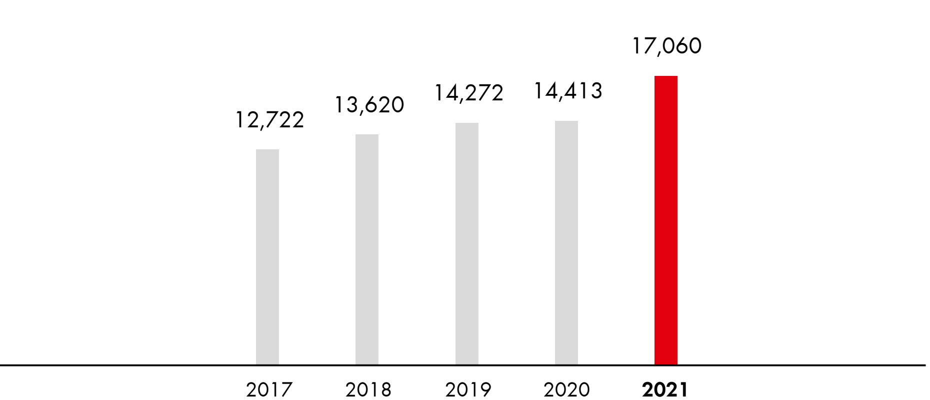
		2017	2018	2019	2020	**2021**
Sales	in millions of EUR	12,722	13,620	14,272	14,413	**17,060**
Employees	no. of	74,159	77,080	78,686	79,139	**83,183**
Pre-tax operating result*	in millions of EUR	780	870	770	775	**1,270**
Return on sales	in %	6.1	6.4	5.4	5.4	**7.4**
EBIT	in millions of EUR	768	903	776	809	**1,261**
EBITDA	in millions of EUR	1,195	1,278	1,497	1,588	**2,036**
EBITDAR	in millions of EUR	1,502	1,607	1,581	1,650	**2,101**
Net income for the year	in millions of EUR	531	687	595	604	**965**
Cash flows from operating activities	in millions of EUR	584	751	1,123	1,600	**1,034**
Investments	in millions of EUR	494	635	933**	852**	**861****
Equity	in millions of EUR	4,779	5,172	5,554	5,920	**6,824**
Net debt	in millions of EUR	949	1,202	1,356	601	**567**
Total assets	in millions of EUR	10,267	10,974	12,627	13,478	**15,114**
Rating by Standard & Poor's		A/stable	A/stable	A/stable	A/stable	**A/stable**

The consolidated financial statements of the Würth Group are prepared in accordance with the International Financial Reporting Standards (IFRS).

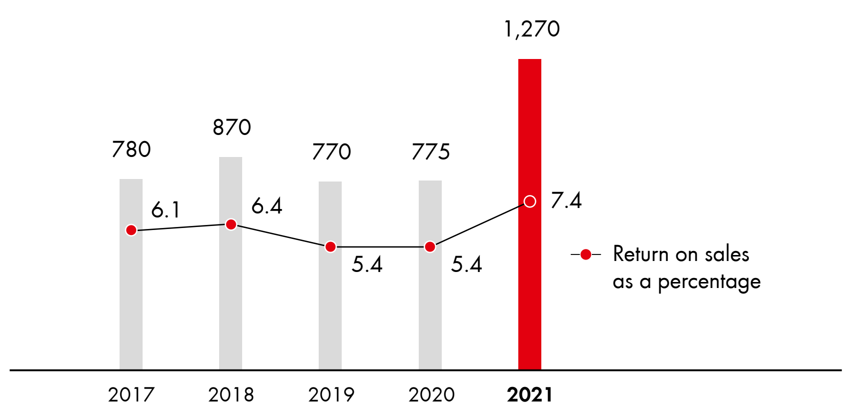
* Earnings before taxes, before amortization of goodwill, brands and financial assets, before the collection of negative differences recognized in profit or loss, before the adjustment of purchase price liabilities from acquisitions through profit or loss, and before changes recognized in profit or loss of non-controlling interests disclosed as liabilities

** Incl. additions of right-of-use assets

SALES Würth Group in millions of EUR



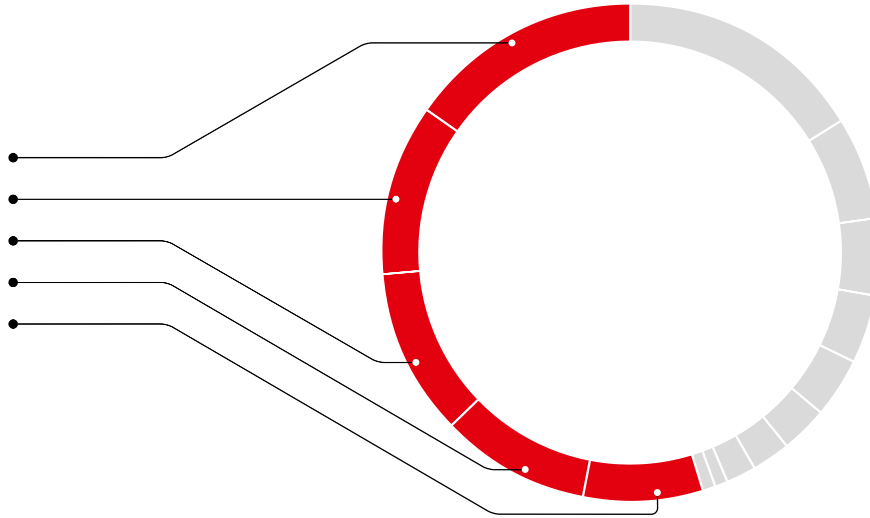
OPERATING RESULT Würth Group in millions of EUR

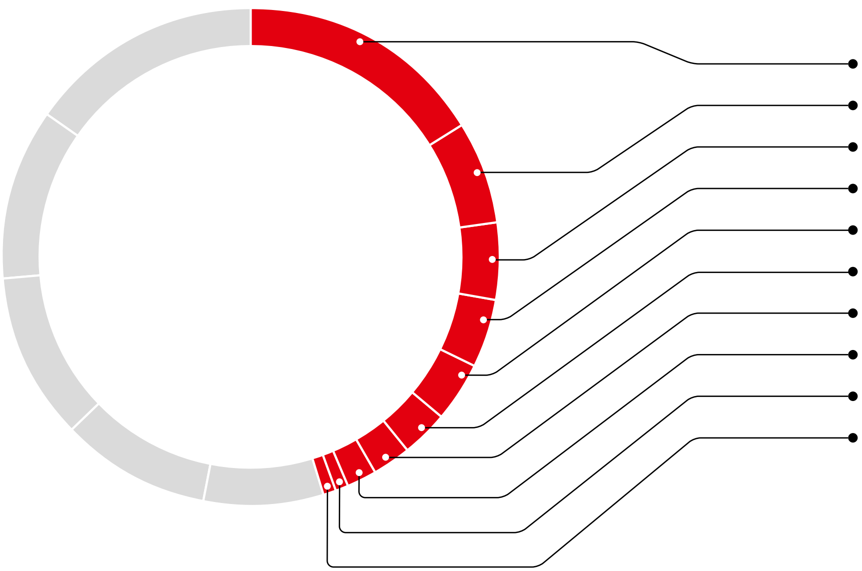


OPERATIONAL UNITS

SHARE OF SALES Divisions of the Würth Line

	2021 in %	**2021 in millions of EUR**	2020 in millions of EUR	Change in %
Metal	15.0	**2,564**	**2,195**	+16.8
Industry	11.1	**1,894**	**1,599**	+18.4
Auto	11.0	**1,874**	**1,660**	+12.9
Wood	9.8	**1,672**	**1,423**	+17.5
Construction	7.8	**1,327**	**1,177**	+12.7
Total	54.7	**9,331**	**8,054**	+15.9





SHARE OF SALES Business units of the Allied Companies

	2021 in %	**2021 in millions of EUR**	2020 in millions of EUR	Change in %
Electrical Wholesale	16.3	**2,781**	**2,157**	+28.9
Electronics	6.6	**1,125**	**849**	+32.5
Production	4.9	**837**	**694**	+20.6
RECA Group	4.5	**762**	**666**	+14.4
Chemicals	3.9	**664**	**576**	+15.3
Trade	3.2	**539**	**565**	–4.6
Tools	2.4	**419**	**356**	+17.7
Screws and Standard Parts	2.0	**333**	**264**	+26.1
Financial Services	0.8	**140**	**133**	+5.3
Other	0.7	**129**	**99**	+30.3
Total	45.3	**7,729**	**6,359**	+21.5

CONTENTS

A lot of companies have products.

1945 – 2020

75 YEARS OF WÜRTH

Würth has **more:**

Digital service

Which anchor is the right one? How many anchors do I need? Find the right answers in the Würth anchor finder app. The anchor design software indicates the load that an anchor can bear in a vast range of materials.

Short transportation routes

Würth subsidiaries work hand in hand: KMT produces the anchor in Switzerland, while SWG in Germany supplies the screw. This avoids long transportation routes and cuts CO_2. Produced in Europe—created for the world.

More security

Be it attachments in ceilings, walls, or floors, nothing can stay put without an anchor. When used in solid brick, the SHARK® UR PLASTIC FRAME ANCHOR carries a load of 1.14 kilonewtons or around 114 kilograms. That's how much a classic from the 1980s weighs: a Vespa.

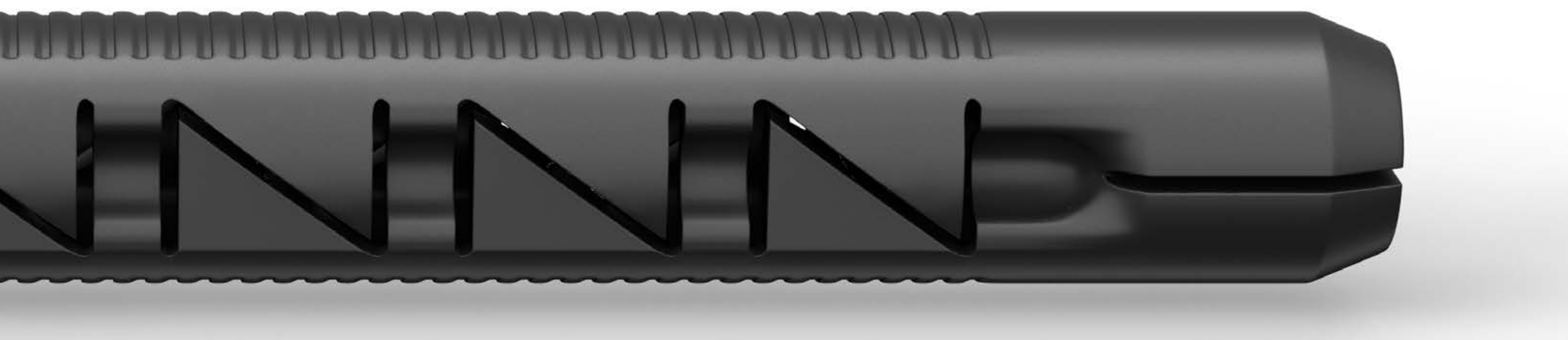
Read more in the online report at ar2021.wuerth.com/security

The anchor bares its teeth

The anchor uses its teeth to claw its way into the substrate. The screw pre-assembled in the anchor makes it easier to secure.

A real multi-talent

Be it in a substructure, façade cladding, or installations: Frame anchors can be used in a wide range of different ways. They have been tested and approved for 100 substrates—more than any other anchor on the market.



How does the anchor get into the wall?

With the right tools and personal protective equipment from Würth: The drill bores the hole, the cleaning brush cleans it, the anchor is inserted into the drill hole, and the cordless drill is used to insert the screw—it's as easy as that!

Würth's anchors join components securely and quite literally take a load off our customers' shoulders.

Manufacturing expertise

This ASSY® screw with our RW drive is part of the fourth generation of wood screws developed and manufactured by Würth. It is the product of a wealth of expert and customer knowledge gleaned from three decades. It is easy and safe to use, as has been confirmed by extensive tests and expert opinions.

Regional production

The screw is manufactured in the region at the subsidiary SWG, just nine kilometers from the Würth Group's headquarters in Künzelsau. Short transportation routes translate into a good carbon footprint.

More functionality

Screws help hold the world together. The ASSY® 4 WASHER HEAD SCREW is the crème de la crème of fasteners in timber construction: Its geometry and large head allow it to carry heavier loads in a large number of applications, making it more secure than a standard countersunk head screw.

A source of impetus

Designed for use in structural timber engineering, the ASSY® screw provides impetus for sustainable construction. As a renewable, energy-neutral raw material, wood captures CO_2, making it more environmentally friendly than other building materials like concrete.

Read more in the online report at ar2021.wuerth.com/functionality

Extended family

This ASSY® screw has 1,599 siblings, and every one of them is unique. They differ in terms of their diameter, material, surface, length, and geometry.

The screw that uses its head: It holds things together that belong together.

Digital service

How many ASSY® timber screws do I need? Where should I install them and which screw connection should I use? Design software provides a quick overview. Load tables show the weight each screw can support, depending on its head shape, diameter, and thread length.

The perfect combination

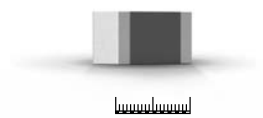
The RW drive transmits forces even more effectively. Smart details such as the end mill, new tip, and thread geometry make it more straightforward, easier and faster to drive the screw in. Two bits are usually enough for a carpenter. The technology and the combination of details are what make the difference.

A 30 to 50 percent longer service life

The WE-MPSB electronics component is almost unshakable: It reduces unwanted electromagnetic radiation and has the power to withstand vibrations and extreme temperatures. This helps extend the life of electric vehicles by 30 to 50 percent.

Up to 10 percent more range

The WE-AGDT power transformer is no bigger than a fingertip. Würth Elektronik developed it for the new silicon carbide (SiC) semiconductor technology in electric vehicles. When combined with a SiC semi-conductor, the component increases powertrain efficiency, reduces power consumption, and increases the range of electric vehicles by up to 10 percent.



2 mm

Tiny

So that you can see the WE-MPSB component, which is only a few millimeters in size, the image shown here has been magnified five times. Small but powerful!

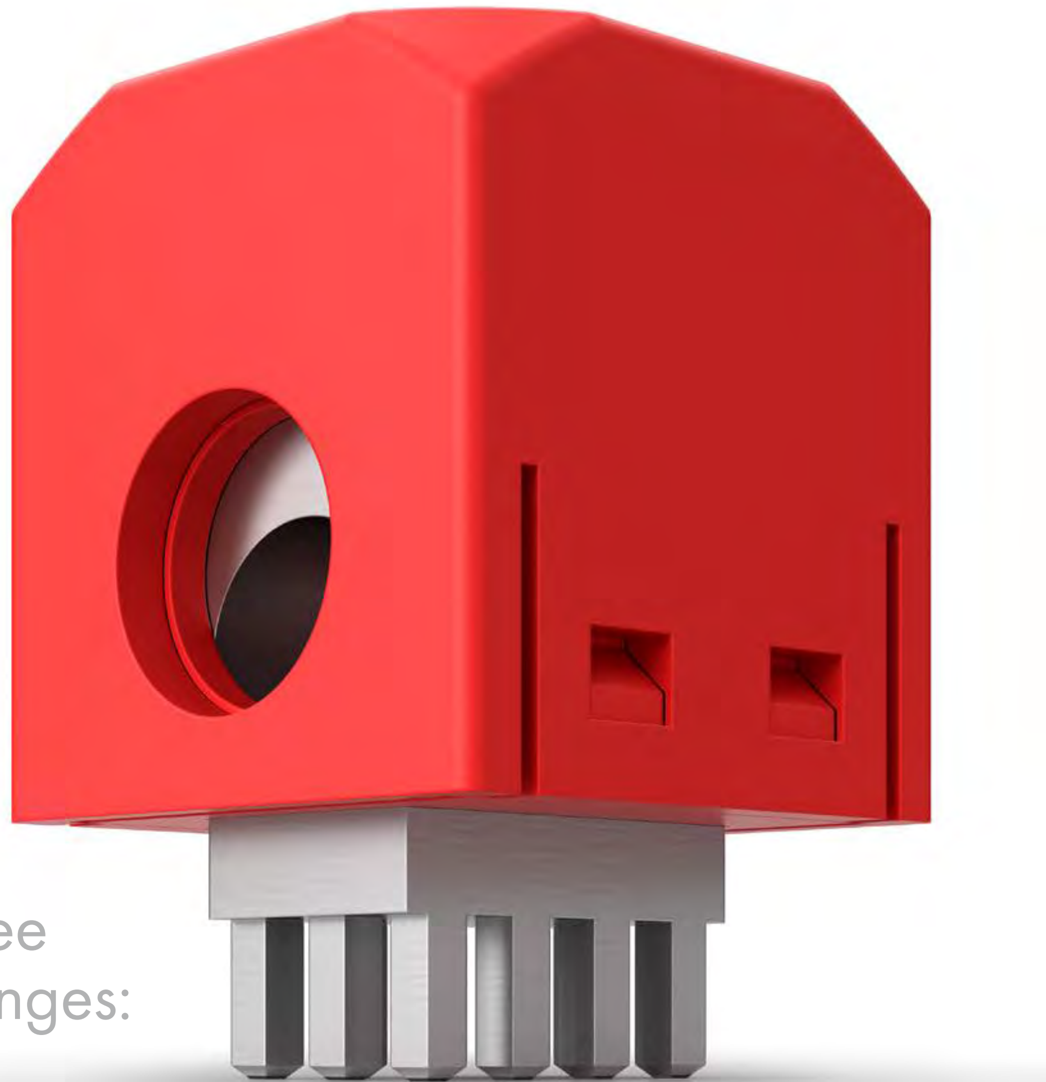
More efficiency

The shift to e-mobility presents us with challenging questions. They include concerns related to RANGE, CHARGING TIME, power grids, but also LONGEVITY, and the extent to which components can be recycled. Future-proof innovations need smart solutions: Würth Elektronik has just that.

Read more in the online report at
ar2021.wuerth.com/efficiency

Charging time of less than 30 minutes

Less than half an hour and an electric vehicle with an empty battery is ready to go again. The REDCUBE® components from Würth Elektronik are built to withstand 350 kilowatts of charging capacity. Combined with press-fit technology to ensure the safe transmission of strong currents, they ensure that the battery is fully charged again quickly.



Smart solutions to three electromobility challenges: longevity, range, and charging times

Customer-oriented

With more than 300,000 customer contacts a day, Würth keeps its ear close to the market. Based on user needs and requests, Würth develops and produces innovative products, such as the M-CUBE® rechargeable battery series itself. Our own repair service ensures that power tools in need of repair are soon ready to be used again.

Digital overview

Who is using which power tool right now? When is the next test date? The digital management tool ORSY®online allows Würth customers to keep track of their tool fleet and any equipment that requires testing even when they are on the go.

Power saver

Almost all M-CUBE® devices run on a brushless motor that consumes less power. This extends the battery life. The carbon brushes do not need to be serviced or replaced.

More flexibility

The ABS 18 POWER COMBI CORDLESS IMPACT DRILL DRIVER belongs to the M-CUBE® cordless power tool family. As a universal problem solver, it can switch between screwing, drilling, and impact drilling at the touch of a button.

Read more in the online report at
ar2021.wuerth.com/flexibility

Find out more about the rechargeable battery in the M-CUBE® series

Infinitely variable

One for all: The rechargeable battery and charger fit all 13 power tools in the M-CUBE® series and are easy to swap. Whether you want two, four, or five ampere hours of capacity, a standard or a quick charger: It does not get any clearer or more efficient than this.

A rechargeable battery for all of your needs. Würth customers always have the right one on hand.

AFS 18 COMPACT
CORDLESS SABRE SAW

AKP 18 COMPACT
CORDLESS APPLICATION GUN

ABH 18 COMPACT
CORDLESS HAMMER DRILL

AHKS 18-68 COMPACT
CORDLESS HAND-HELD CIRCULAR SAW

AMTS 18 L COMPACT
CORDLESS DRY VACUUM CLEANER

Real stamina

An adjusted center of gravity and rubber-coated housing make the powerful M-CUBE® cordless power tools particularly user-friendly for safe and effortless work, even through the longest of shifts.

Digitally networked products

Würth's smart products rely on a combination of customer application, academic research, and our own production expertise: Wireless networking allows customers to manage their inventory of power tools. Networked warehouse and inventory management is also a key feature.

Würth customers have their inventory of power tools under control.

From the idea to the implementation phase

Be it bit boxes, ORSY® system cases, ORSY®BULL box systems, system workshop trolleys, ORSY® system racks, or vehicle interior equipment—innovations at Würth are based on in-house developments and production.

More structure

ORSY®—ORDER WITH A SYSTEM. Something that started out with a rack back in 1977 is now a universal logistics principle that creates smart links between procurement, storage, and transportation. This saves time, ensures transparency, and cuts costs. Everything fits together: small parts, system boxes, partition materials, tool assortments, cases, shelving systems, vehicle interior equipment, vending machines, and construction site containers. In this universe, everything has its place.

Read more in the online report at ar2021.wuerth.com/structure

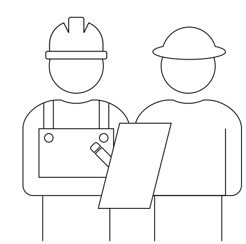
Be it on the construction site, in the workshop, or on the road: Box by box, we organize our customers’ day-to-day work.

The ORSY® system starts with the smallest unit: the standard measure.

The standard measure fits perfectly into the customizable system inserts.

These inserts can be integrated easily into the ORSY® system cases.

Find out more about the ORSY® system world



Have everything on you wherever you are:

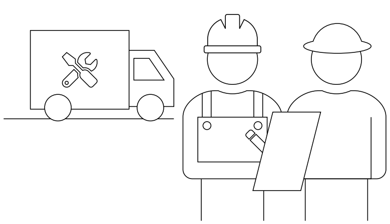
When you are visiting a customer on site ...

The case is stored in the robust ORSY®BULL box system, the perfect companion on the construction site.

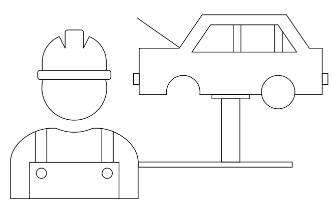
The insert provides clarity in the system workshop trolley.

But it is not just in the ORSY® system rack that every centimeter is put to the best possible use thanks to the grid dimensions.

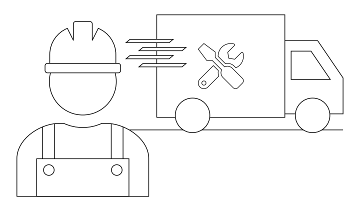
The grid dimensions allow all ORSY® elements to be combined with each other, including the vehicle interior equipment.



... and on the construction site ...



... as a fixed system in the workshop ...



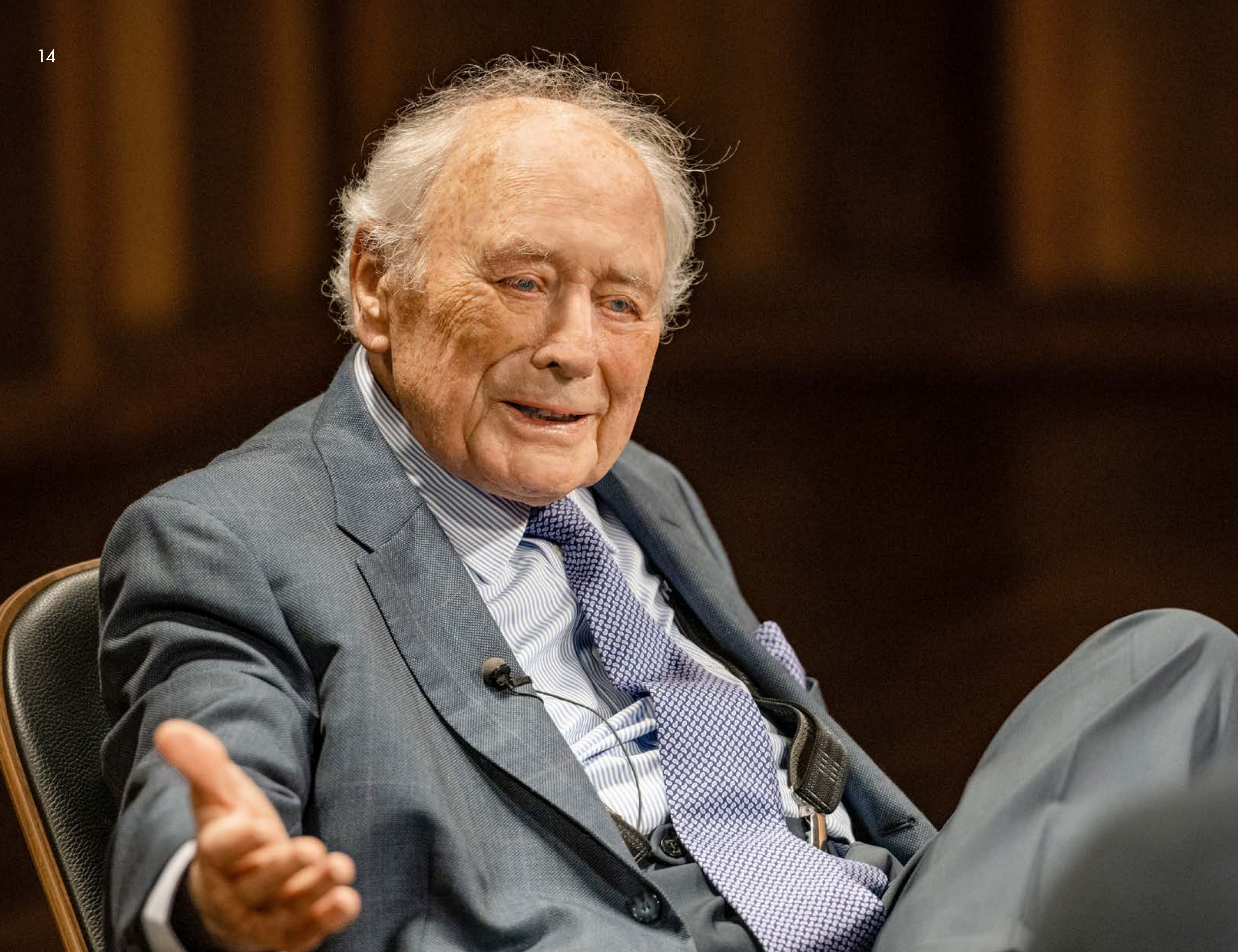
... and as a mobile system inside a vehicle!

...

Organization starts small.

At Würth, it starts with the standard measure: As the smallest unit in the ORSY®system world, it acts as the foundation for great things. The grid dimensions ensure that all elements in the ORSY® system world are compatible with each other.

With ORSY®, nothing falls through the cracks.



WE ASKED...

... Prof. Dr. h. c. mult. Reinhold Würth,
Chairman of the Supervisory Board of the Würth Group's Family Trusts

WHICH WÜRTH PRODUCT LAST MADE YOU SAY "WOW!"?

First, it was our ABS 18 POWER COMBI cordless impact drill driver; it offers a combination of top performance and a fantastic design. Second, there was also our new packaging for machining tools, which is made of 100 percent recycled plastic, meaning that it leaves an entirely green footprint.

ARE YOU ACTUALLY A GOOD CRAFTSMAN YOURSELF?

Not really, I would not have the time.

CAN YOU STILL REMEMBER YOUR VERY FIRST CUSTOMER VISIT?

Yes, it was in Sulzbach an der Murr. I was traveling with my father, and he sent me in to see the customer. I was wearing traditional leather pants that day at the height of summer, and the customer asked me if visiting customers in those leather pants was standard practice at our company.

IF YOU SPOT THE RED WÜRTH LOGO WHEN YOU ARE OUT AND ABOUT: WHAT DO YOU THINK?

Well, look at that.

WÜRTH OFFERS OVER 125,000 PRODUCTS: WHICH ONE STILL NEEDS TO BE INVENTED FOR THE FUTURE?

Our sales portfolio is constantly changing. Old products are being discontinued, and new ones are being added. A lot is set to change, especially in the car repair industry: Repairing and maintaining electric vehicles will call for completely different tools and spare parts in the future, including vehicle-related IT software specifically. There is a great deal of latitude for new products in this area in particular, and this falls within the sphere of responsibility of our wholly owned subsidiary WOW! (Würth Online World GmbH).

AS A FAMILY BUSINESS, WE BEAR A GREAT DEAL OF RESPONSIBILITY IN TIMES OF CRISIS

Ladies and Gentlemen,
Dear Readers,

With the outbreak of the war in Ukraine at the end of February 2022, the world order has been turned completely upside down. After the gift of living in peace and freedom for decades, war and suffering are now closer than they have been in 76 years. Concerns about the outbreak of a Third World War are mounting in the minds of many—including myself. I have always emphasized how grateful we should be to be the first generation after the Second World War to live in peace and freedom. I could never have imagined that this might change again.

We are very concerned about our employees in Ukraine and are doing everything we can to bring them and their families to safety. But what continues to encourage me in this situation is the sense of solidarity based on our corporate culture, which is evidenced by our employees' donations for their colleagues in the crisis-hit region.

Given these circumstances, the new sales and earnings records set in the Würth Group's 76th fiscal year almost fade into the background. As Chairman of the Supervisory Board of the Würth Group's Family Trusts, the development of our business naturally comes as a very welcome surprise to me, and one that I am very grateful for, especially as these results have been achieved in a very unusual global situation: Supply chains came to a standstill due, among other things, to a shortage of transport capacities. The COVID-19 pandemic and its variants gave rise to many difficulties and problems I had never seen before in my 72 years of working.

The fact that the Würth Group is setting new records in this difficult situation is due, on the one hand, to our global operations—after all, we serve more than four million customers. On the other, our management pursued a wise strategy of accumulating substantial inventories in advance, which has

enabled us to maintain an above-average delivery capacity even during the pandemic. This allowed us to continue our success story in the first two months of 2022, with growth of over 20 percent compared with the first two months of 2021.

As a result, I would like to take this opportunity to express my sincere thanks to our more than 83,000 employees across the globe for their loyalty and commitment in the interests of our customers, the company, and the quest to safeguard jobs. I would also like to thank all of our customers for their loyalty to Würth, in some cases over the course of decades. It is thanks to this very loyalty that the two-man business I took over in 1954 after my father's early death was able to evolve into a company of the size it is today. Going forward, our employees will continue to do their best to live up to our company's reputation of top quality at fair prices. The company's success shows that following my father's principle of "quality beats price" right up until the present day has been the right approach.

The COVID-19 pandemic will surely be defeated before 2022 is out. These days, all of my hopes are pinned on those in power coming to their senses and letting diplomacy speak instead of weapons.

My most sincere wish for everyone reading this annual report is that they can live in peace.

Prof. Dr. h. c. mult. Reinhold Würth
Chairman of the Supervisory Board of the Würth Group's Family Trusts
March 2022

COMMITMENT

Würth takes social responsibility

Art /// Music /// Literature ///
Social Affairs /// Sports /// Research ///
Teaching /// Architecture /// Education ///
Further Training ///

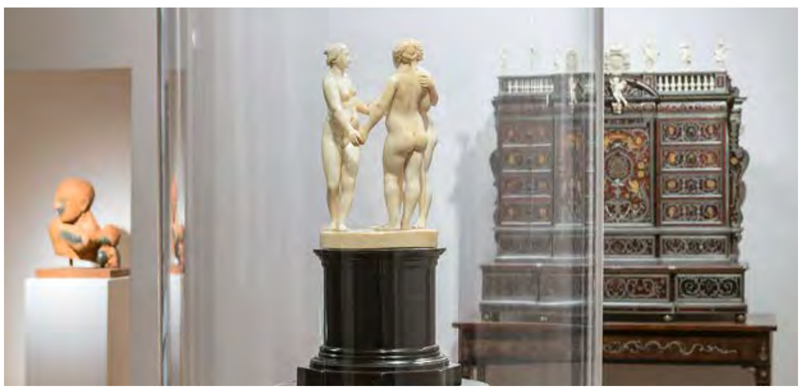
For the Würth Group, taking responsibility means securing the company's success in the long run while at the same time protecting the livelihoods of current and future generations. With its unparalleled commitment to art and culture, social affairs and education, teaching and research, integration and sports in both its own projects and in cooperation initiatives, the company has been committed to public welfare and a society that is fit for the future for decades now, both within and outside of Germany.

KUNSTHALLE WÜRTH 20 years after it opened its doors, Kunsthalle Würth in Schwäbisch Hall can look back on an impressive track record: Around 4.6 million visitors have seen the 46 exhibitions organized so far since the gallery opened back in May 2001.

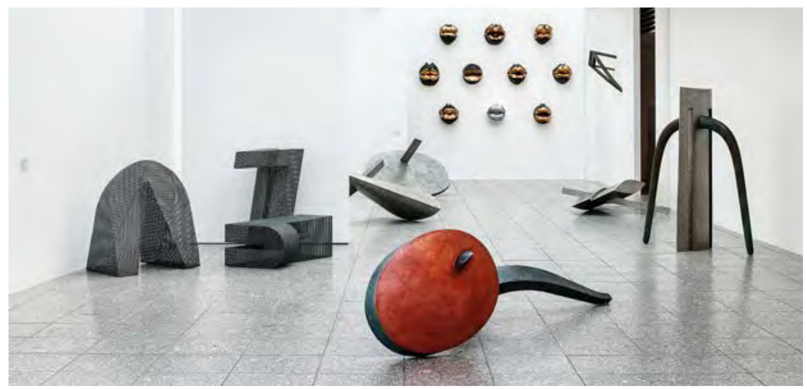
PROMOTING ART AND CULTURE

20 years of Kunsthalle Würth The 20th anniversary of Kunsthalle Würth in Schwäbisch Hall, designed by architect Henning Larsen (Copenhagen), was celebrated with the exhibition "Leonhard Kern and Europe. The Imperial Treasury, Vienna and the Würth Collection". The exhibition cast the spotlight on one of the leading German masters of early baroque sculpture, whose works created in Schwäbisch Hall were featured in the most distinguished collections in Europe. At the same time, Kunsthalle Würth continued its series of guest exhibitions with leading national and international collections, including the Berlin State Museums, London's Victoria and Albert Museum, and the Musée d'Art moderne de la Ville de Paris. They alternate sporadically with thematic exhibitions showcasing the vast works from the international Würth Collection. For example, the exhibition "Sports, Fun & Games in the Würth Collection," which was launched on 13 December 2021, is devoted to the pleasures (and challenges) entailed by the phenomenon of leisure.

30 years of Museum Würth On 25 December 1991, a place for people to come together and enjoy art opened at the Würth Group's headquarters in Künzelsau, the idea being to uphold a central idea of the entrepreneur Prof. Dr. h. c. mult. Reinhold Würth: bringing culture to the workplace for employees, but also giving guests an opportunity to participate. A sophisticated architectural structure unites the worlds of work, culture and leisure. Since then, Museum Würth has welcomed 2.33 million visitors to 73 exhibitions. In 1995, 82,000 guests visited Christo and Jeanne-Claude's spectacular *Wrapped Floors and Stairways, and Covered Windows* alone. C. Sylvia Weber, Executive Vice President of the Würth Group for Arts and Culture: "Very early on, Reinhold Würth had already thought about the importance of art for his company and commissioned Danish sculptor Robert Jacobsen, who in turn invited his colleague and assistant Lun Tuchnowski, to design the forecourt. With the current anniversary exhibition 'Geometry—Perception—Empathy. Lun Tuchnowski in the Würth Collection', we have come full circle."



The "Leonhard Kern and Europe" exhibition at Kunsthalle Würth celebrated the baroque sculptor from Hohenlohe while at the same time building bridges with contemporary art.



The exhibition "Geometry—Perception—Empathy" (23 January 2021 to 9 January 2022) was an impressive testimony to just how much sculptor Lun Tuchnowski enjoyed experimenting with colors and sensual innuendos.

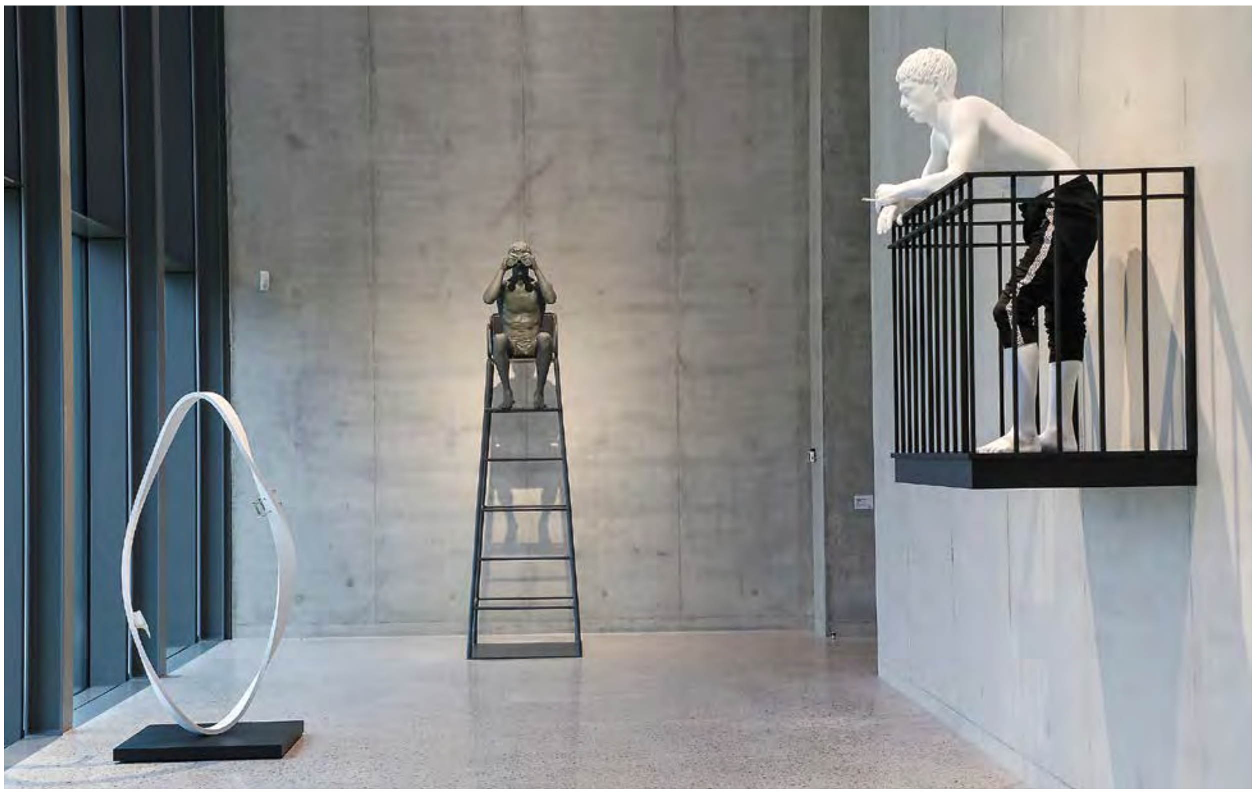
SCULPTURE GARDEN The walk-in stainless steel "Cathedral" installation by Anthony Caro belongs to his sculptitecture series, which combines architectural and sculptural design concepts. It is one of 55 large sculptures created by international artists exhibited in the area between the company premises and Carmen Würth Forum.

Museum Würth 2 and sculpture garden at Carmen Würth Forum
Designed by David Chipperfield Architects from Berlin, Carmen Würth Forum in Künzelsau has been a sought-after venue for conferences, congresses, trade fairs, and symposia since it opened back in summer 2017. Multi-purpose event halls also offer a forum for a wide variety of musical, dance, and spoken word performances. As the home of the Würth Philharmoniker orchestra, the forum has also managed to make a name for itself as a meeting place for classical music fans in only a very short space of time. This was exactly what the initiator Prof. Dr. h. c. mult. Reinhold Würth and his wife Carmen, the Forum's namesake, intended. After all, the couple has been committed for decades now to bringing inspiring experiences showcasing high-quality architecture, art, and culture into the everyday lives of employees, business partners, and interested members of the general public. With Museum Würth 2, which opened in 2020 to house centerpieces of modern and contemporary art from the top-class Würth Collection, and the extensive sculpture garden, the visual arts have been given their very own stage in this special location.

14th Robert Jacobsen Prize goes to artist duo Elmgreen & Dragset

Würth Foundation The Berlin-based Scandinavian artist duo Elmgreen & Dragset were awarded the 14th Robert Jacobsen Prize by the Würth Foundation on 4 October 2021. The award ceremony was held in Carmen Würth Forum. "Their works are characterized by high social relevance and extreme poignancy," was how the jury justified its decision to award the prize to Michael Elmgreen, born in Copenhagen in 1961, and Ingar Dragset, born in Trondheim in 1969.

Time and again, the two artists explore the possibilities of art in public and institutional space. The prize, which has been awarded by the Würth Foundation in cooperation with Museum Würth every two years since 1993 in memory of the Danish sculptor Robert Jacobsen, was endowed with EUR 50,000 for the first time in 2021. The award was accompanied by a presentation of the artists' works in Museum Würth 2.



ROBERT JACOBSEN PRIZE

"This concept of the impact of art is remarkable in that it is concomitant with the questions about human values and human dignity," was how the jury explained its decision to award the prize to Elmgreen & Dragset. In cooperation with the artists, Museum Würth 2 presented an exhibition of works by the globally acclaimed duo.

Associated galleries and Würth Collection on the road The Würth Group's ten European associated galleries at the national companies in Denmark, France, Italy, the Netherlands, Norway, Austria, Spain, and Switzerland (Arlesheim, Chur, and Rorschach) continued to inspire their visitors with numerous exhibitions in 2021. The highly acclaimed "Art Faces" exhibition at the Würth Forum in Rorschach, for example, presented artists' portraits from the Würth Collection.

The Würth Collection was also on display in state or municipal museums and in public places, with works on loan and in guest exhibitions, in some cases permanently. Several hundred works on loan from the collection were on tour worldwide in 2021 for visitors to enjoy at the Albertina in Vienna, for example. The Kunstgewerbemuseum of the Berlin State Museums hosted the Kunstkammer Würth from 10 December 2021, featuring around 70 exquisite exhibits including small sculptures, elaborately designed goblets, other drinking vessels, and intricate boxes. At the Museum of Modern Literature in Marbach am Neckar, Hans Magnus Enzensberger's Dadaist poetry machine has been generating verbal art entirely on its own since 2006—another loan from Würth.

In the gardens at Arenberg Palace and along the "Walk of Modern Art" in Salzburg, visitors can experience the most beautiful spots in the city with a view of contemporary art from the Würth Collection—for example by Christian Boltanski or James Turrell. In the center of Künzelsau, attractive sculptures from the Würth Collection have made up the "in situ" sculpture trail for years now.

WÜRTH COLLECTION ON THE ROAD

Satellites of the Würth Collection can be found in Salzburg, Berlin, Marbach am Neckar, and Künzelsau. Magdalena Abakanowicz's *Black Crowd* group of sculptures, the most recent loan in Künzelsau, now populates the Reinhold-Würth-Hochschule campus.

Classical music at Würth After a break of several months owing to the pandemic, music returned to the stage of Carmen Würth Forum in Künzelsau from July onward. Highly renowned international stars were greeted by an enthusiastic audience. During the summer, guests to the museum were able to enjoy tastes of Würth Philharmoniker's diverse repertoire in various sets. In the Great Hall, tenor Juan Diego Flórez, one of the greatest singers of our time, transported guests into "Sommerzeit" (Summertime) with his rousing evening of opera.

The Würth Philharmoniker orchestra opened its fifth season by playing "Endlich Beethoven!" (Beethoven at last!) under the direction of their principal conductor Claudio Vandelli. The concert experience "... ins Offene!" (... into the open!) had a reunion with conductor Kent Nagano. Piano virtuoso Sir András Schiff interpreted "Mozart vom Feinsten" (The best of Mozart). Other highlights of the 2021 fall classical music season at Würth included the performance by mezzo-soprano Cecilia Bartoli, who transported the audience with her two-and-a-half octave vocal range into "Traumhafte Gesangswelten" (Divine vocal worlds), as well as the conducting of Martin Panteleev at the "Zauberhafte Virtuosität" (Enchanting Virtuosos) concert evening and the "Lieben Sie Sibelius?" (Do you love Sibelius?) series, which saw violinist Ksenia Dubrovskaya perform chamber music by the Finnish composer with guests.

CLASSICAL MUSIC AT WÜRTH
Impressive interplay: conductor Kent Nagano, violinist Veronika Eberle, and Würth Philharmoniker at Carmen Würth Forum

31st Würth Prize of Jeunesses Musicales Deutschland Würth Foundation

The Würth Prize of Jeunesses Musicales Deutschland (JMD), endowed with EUR 15,000, was awarded to Jörg Widmann in the year marking the 70th anniversary of the youth music association on 7 September 2021. The clarinetist, composer, conductor, and teacher was honored as a universal musician with playful virtuosity. The jury described Widmann as conveying energy, joy, and love of music to young musicians in particular.

At the award ceremony in Carmen Würth Forum in Künzelsau, Widmann gave a concert with the Würth Philharmoniker orchestra and showcased his skills as a soloist, conductor, and composer. In his laudatory speech, former President of the German Bundestag (German federal parliament) Professor Norbert Lammert stressed: "When he plays, Jörg Widmann not only opens our ears and hearts, but also our minds and our brains with his expositions and interpretations."

Since 1991, the Würth Prize of Jeunesses Musicales Deutschland has been awarded to artists, ensembles, or projects that embody the values and objectives of JMD in an exemplary fashion. Previous winners include conductor Gustavo Dudamel, percussionist Martin Grubinger, the orchestra STEGREIF.orchester, and the Education Programme of the Berliner Philharmoniker.

WÜRTH PRIZE OF JEUNESSES MUSICALES DEUTSCHLAND

Full of enthusiasm: JMD President Johannes Freyer, Chairman of the Supervisory Board of the Würth Foundation Prof. Dr. h. c. mult. Reinhold Würth, member of the Board of the Würth Foundation Maria Würth, award winner Jörg Widmann, speaker in honor of the artists Professor Norbert Lammert, Chairman of the Board of the Würth Foundation Harald Unkelbach.

YOUNG OPERA SCHLOSS WEIKERSHEIM To mark the finale of the International Opera Academy of Jeunesses Musicales 2021, the courtyard of Schloss Weikersheim castle was converted into an opera house with a performance of "Carmen". The lead role was played by mezzo-soprano Gabriela Goméz from Chile.

Young Opera Schloss Weikersheim **Würth Foundation** In 2021, and with key support provided by the Würth Foundation, Young Opera Schloss Weikersheim presented eleven open-air performances from Georges Bizet's hit opera "Carmen", all of which were sold out. Young singers from twelve nations took to the stage: Colombia, Chile, South Korea, Malaysia, China, France, Germany, Portugal, Poland, Slovenia, the United States of America, and South Africa. The Bundesjugendorchester (National Youth Orchestra of Germany) played under the direction of Elias Grandy. Director Björn Reinke interpreted Carmen as the leader of a group of dissident artists in a performance that was far removed from all of the usual clichés.

Since 1965, the Young Opera has been organized every two years in the courtyard of Schloss Weikersheim. The productions mark the finale of the International Opera Academy of Jeunesses Musicales Deutschland, which is considered one of the leading projects supporting young opera singers in Europe. Participation in the event gives the young artists the chance to embark on a big international career, as numerous directors of renowned opera houses attend the event to cast the stars of tomorrow.

KOCHERWERK

Technology, history, and regional flair for all generations: The newly opened museum project tells the story of the fastening industry in the Hohenlohe district.

Würth Group invests in renovation of the Alte Mühle building complex in Ernsbach In Forchtenberg-Ernsbach (district of Hohenlohe), Arnold Umformtechnik has invested EUR 3.5 million in renovating the Alte Mühle (Old Mill) building complex. The company L. & C. Arnold produced its very first set of screws in the old mill building back in 1898. Up until 2019, the building housed the development department of Arnold Umformtechnik.

The ensemble comprising the listed Rote Mühle (Red Mill), the historical carpenter's workshop, and the warehouse featuring a saw-tooth roof was expanded to include a new modern building with an adjoining bistro as part of the renovation project.

The careful renovation of the partially listed ensemble conveys an understanding of the roots of the historical building complex and establishes it as a vibrant meeting place for the present day. Today, the building houses the "Kocherwerk–Haus der Verbindungstechnik" museum, a joint project organized by the non-profit association "Förderer des Schrauben- und Befestigungsclusters Hohenlohe e. V.", which was initiated by entrepreneur Reinhold Würth. A total of 19 companies from the assembly and fastening cluster in the Heilbronn-Franconia region are members of the association. The permanent exhibition devotes 400 square meters to the region's economic history and the topic of connection technology.

Cultural center Kulturhaus Würth with Bibliothek Frau Holle library Offering an opportunity to experience inspiring verbal art in an intimate setting and sharing select literary treasures with people of all ages is the biggest strength of the cultural center Kulturhaus Würth with Bibliothek Frau Holle library, which opened its doors in 2017 on the initiative of Carmen Würth. After remaining closed for six months, literature buffs were finally allowed to browse the more than 8,000 books from Carmen Würth's private collection to their heart's content again starting on 1 June 2021. The outdoor reading performances held from August onward also proved to be a real gift for young and old alike.

VACATION PROGRAM AT KULTURHAUS WÜRTH Bibliothek Frau Holle library opens a window to literature for even the youngest of children, for example, during the 2021 summer vacation program. Each child who spun the wheel of fortune had the chance to win a song, rhyme, or poem.

Other highlights of 2021

+++ The Würth Collection has enhanced its digital offering: Art at Würth can now be discovered in an inspiring way in the "Würth Collection" app, for the first time also featuring audio tours for children. Several 360-degree tours and popular online guided tours have also been created. +++ Former Finance Minister Dr. Theo Waigel and Prof. Dr. h. c. mult. Reinhold Würth discussed Europe at the "Treffpunkt Akademie" panel discussion on 13 September 2021. +++ Former German President Joachim Gauck and actress and dancer Mechthild Großmann took questions as part of the "Treffpunkt Forum" (Meeting at the Forum) series of talks at Carmen Würth Forum. +++ The Old Masters in the Würth Collection continued to draw visitors from beyond the region: By the end of 2021, more than 600,000 guests had visited Johanniterkirche in Schwäbisch Hall since it opened in 2008. +++ Anne Hausner's *Naturstücke (Nature Pieces)* offered a captivating combination of poetry and technical perfection in the Hirschwirtscheuer museum in Künzelsau until 24 October 2021. Starting on 4 November 2021, Bernhard Betz and Andreas Ilg used the same museum to show that, in art, the unpredictable is often thought-provoking. +++

DONATION TO COVAX Helpers bring COVID vaccines into hard-to-reach mountain regions in Nepal. The United Nations International Children's Emergency Fund (UNICEF) boasts a large logistics network and decades of experience with vaccination campaigns.

BUILDING A FUTURE-PROOF SOCIETY

Würth Foundation Established in 1987 by Prof. Dr. h. c. mult. Reinhold and Carmen Würth as a civil law foundation based in Künzelsau, Germany, the Würth Foundation promotes charitable and benevolent purposes.

The Würth Foundation promotes numerous projects in the fields of art and culture, research and science, education and training, and integration—primarily in the Heilbronn-Franconia region, the home of the Würth Group. The activities are supported by the German Würth Group companies, in particular Adolf Würth GmbH & Co. KG.

In 2021, the Chairman of the Board of the Würth Foundation, Harald Unkelbach, submitted a request to the Foundation's Supervisory Board, chaired by Prof. Dr. h. c. mult. Reinhold Würth, to resign in the fall of 2022. Johannes Schmalzl, whose contract as managing director of the Chamber of Industry and Commerce for the Stuttgart region expires at the end of October 2022, will take over as Chairman of the Board of the Würth Foundation on 1 November 2022.

WÜRTH FOUNDATION He has been an active member of the Board of the Würth Foundation since 2010: Harald Unkelbach. He will be leaving his post as Chairman of the Board in the fall of 2022 at his own request.

COVAX: 941 million vaccine doses for the world's poorest countries Adolf Würth GmbH & Co. KG supported the COVAX initiative to fight the pandemic in the very poorest regions of the world by donating EUR 500,000 in March 2021. COVAX was launched by the World Health Organization (WHO) and other global stakeholders. The infrastructure for the initiative is provided by the United Nations International Children's Emergency Fund (UNICEF). By the end of 2021, COVAX had delivered 941 million doses of COVID-19 vaccines to 144 countries. UNICEF has also helped the poorest countries to strengthen their healthcare systems, train staff, and build more than 500 refrigeration chains, providing 454 million protective equipment kits to 89 countries, around 8.7 million tests, and more than 40,000 oxygen concentrators.

"Every human being should have equal access to vaccines and medical care," said Bettina Würth, Chairwoman of the Advisory Board of the Würth Group and member of the UNICEF Germany Board of Directors, explaining her commitment. "The virus will only be defeated when it has been defeated across the globe," stressed Prof. Dr. h. c. mult. Reinhold Würth, Chairman of the Supervisory Board of the Würth Group's Family Trusts.

EUR 5 MILLION IN EMERGENCY AID was provided by the Würth Group for regions hit by flooding, for example here in the Ahr Valley. Numerous employees spontaneously decided to drive to the area to help.

Würth donates EUR 5 million to help flood victims

In mid-July 2021, people living in the federal states of North Rhine-Westphalia and Rhineland-Palatinate were hit by catastrophic flooding. The Würth Group provided immediate support to those affected, donating money and materials worth EUR 5 million. The Würth pick-up shops in the flooded areas distributed work materials and equipment directly to affected households, helpers, and customers. Würth employees provided assistance on the ground after being released from their duties by the company. The impetus for the donation came from Prof. Dr. h. c. mult. Reinhold Würth, Chairman of the Supervisory Board of the Würth Group's Family Trusts, Bettina Würth, Chairwoman of the Advisory Board of the Würth Group, and the boards of the Würth Group. "It was a matter of course for all of us to make the decision to enable help to be given to the people affected quickly and with minimal red tape," said Bettina Würth.

EUR 250,000 for UNICEF's program for children in South Africa

In August 2021, the Würth Group donated the proceeds of the annual RW WORKOUT Week sales campaign to UNICEF, the United Nations International Children's Emergency Fund. EUR 250,000 went to the Isibindi Adolescent Youth Development Program in South Africa, which was launched in 2000 in response to the HIV epidemic and protects orphaned or vulnerable children from abuse, neglect, and violence. "The far-reaching consequences of COVID-19 put vulnerable children and adolescents at risk even more," explained Christine Muhigana, Head of UNICEF in South Africa. By way of example, the program offers disadvantaged children access to safe parks: protected places where they can relax and learn. The program also conducts home visits throughout the country to protect children and young people and improve their psychological and physical well-being. "This donation allows us to give something back to society," said Bettina Würth, Chairwoman of the Advisory Board of the Würth Group and Member of the UNICEF Germany Board of Executives.

Hotel-Restaurant Anne-Sophie "The idea for this hotel came not from the head, but from the heart ... from an overflowing heart that understands the concerns and needs of people who can only be reached with the strength of the heart," said Carmen Würth back in 2003 at the opening of Hotel-Restaurant Anne-Sophie in Künzelsau. For almost 20 years now, people with and without disabilities have been working together as equals in the hotel on a day-to-day basis. More than 90 employees currently work at the multi-award-winning hotel, about a quarter of whom have disabilities.

Be it as a member of the waitstaff, in the kitchen, or in housekeeping—the employees with disabilities work as a normal part of the team and can rely on the heartfelt support of their colleagues. Hotel-Restaurant Anne-Sophie leaves no room for doubt as to their role as full members of society. After all, every human being has something valuable to offer: personality, talents, skills.

HOTEL-RESTAURANT ANNE-SOPHIE

Being part of society, of the working world, of a team—Carmen Würth has created a place where people with and without disabilities work together hand-in-hand.

SPECIAL AWARD Bettina Würth and Prof. Dr. h. c. mult. Reinhold Würth were inducted into the Handelsblatt Hall of Fame of Family Businesses at a ceremony in 2021.

Hall of Fame In recognition of their entrepreneurial achievements and their social and cultural commitment, the Handelsblatt business newspaper has inducted Prof. Dr. h. c. mult. Reinhold Würth, Chairman of the Supervisory Board of the Würth Group's Family Trusts, and Bettina Würth, Chairwoman of the Advisory Board of the Würth Group, into their Hall of Fame of Family Businesses alongside four other entrepreneurs. Hans-Jürgen Jakobs, Senior Editor and former Editor-in-Chief at Handelsblatt, presented the award at Carmen Würth Forum on 30 June 2021.

Handelsblatt, with the support of the auditing firm KPMG and the Foundation for Family Businesses in Germany and Europe, uses the Hall of Fame of Family Businesses to honor personalities from family-owned corporations and SMEs. The jury recognizes the fact that having a family as a company's main owner has a significant and successful impact on the company's strategy. Other criteria include securing and creating jobs through innovation and outstanding productivity, environmentally friendly business practices, and social and cultural commitment.

The representative offices Companies are responsible not only for their employees, but also for society and its liberal development.

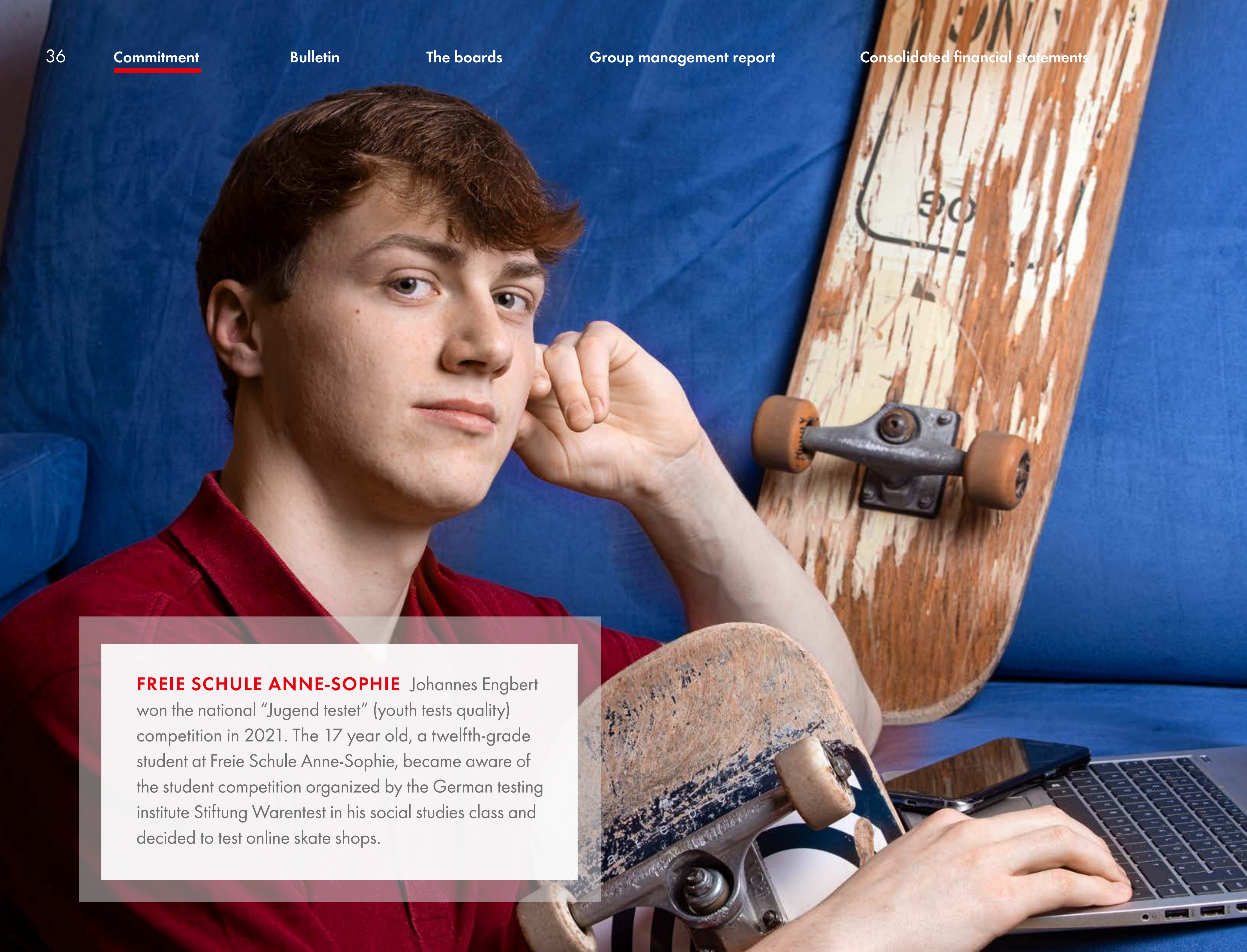
Promoting critical but constructive dialogue with social groups and institutions is the remit of Würth's representative offices in Berlin and Brussels. They bring together policymakers and representatives from business and industry, academia, culture, and the media to engage in dialogue.

The representative offices host roundtable discussions, conferences, and also receptions. The topics range from issues concerning the globalized economy and its effects to digitalization and the future development of a society living in peace and prosperity and the integration and acceptance of people with health-related impairments. Discourse and conflicting ideas are the engines that drive any democratic society. Würth's representative offices in the capitals of Germany and Europe contribute to this process.

SPORTS SPONSORSHIP

Würth was one of eight main sponsors of the Nordic Ski World Championships, a highlight in the winter sports calendar held from 23 February to 7 March 2021 in Oberstdorf, and was also an official supplier, which ensured prominent positioning for the company's logo.

Würth as a sports sponsor Team spirit, the willingness to perform, and giving one's all are essential characteristics of sports and are also values that define the corporate culture at Würth. This is why Würth is committed to the world of sports as a sponsor in a wide variety of areas. The company has been supporting the German Ski Association as one of two main sponsors since 2002. Top athletes from all six German Ski Association disciplines were invited to Adolf Würth Airport in Schwäbisch Hall in October 2021 for their official outfitting. The Würth Group is also involved in the world of soccer: It has been involved in German top-tier Bundesliga soccer since 1990 and has been sponsoring referees and linesmen in the Primera and Segunda División (the first and second Spanish soccer leagues) since 2003. Würth is also committed to motor sports: Würth is an official sponsor of the PENSKE team in the US Monster Energy NASCAR Cup Series.



FREIE SCHULE ANNE-SOPHIE Johannes Engbert won the national “Jugend testet” (youth tests quality) competition in 2021. The 17 year old, a twelfth-grade student at Freie Schule Anne-Sophie, became aware of the student competition organized by the German testing institute Stiftung Warentest in his social studies class and decided to test online skate shops.

EDUCATION FOR THE 21ST CENTURY

Freie Schule Anne-Sophie **Würth Foundation** A school where no child is overlooked—it was with this central idea in mind that Bettina Würth founded Freie Schule Anne-Sophie in Künzelsau in 2006 as an all-day school with its own educational concept. In 2011, the bilingual sister school opened in Berlin, and celebrated its ten-year anniversary in 2021. More than 1,000 children and young people attended the two schools in 2021. The Würth Foundation is the supporting organization behind the schools. The state-accredited Freie Schule Anne-Sophie schools offer continuous education from primary level to graduation *(Abitur)*. The schools pursue new avenues and focus on the individual development of each child to strengthen their social skills, their individual performance, and their individual development path. Every child should leave the school as a winner. In day-to-day school life, this means, for example, small learning groups, individual support, the regular use of digital media, and an environment that is conducive to learning. Ultimately, this once again played a key role in helping the school communities to successfully navigate the challenges of the COVID-19 pandemic in 2021.

Promoting research and teaching **Würth Foundation** The Würth Foundation is the supporting organization for the Foundation for the Promotion of Reinhold-Würth-Hochschule of Heilbronn University of Applied Sciences in Künzelsau. With around 1,500 students, the Künzelsau campus is home to the Faculty of Engineering and Business at Heilbronn University of Applied Sciences. The university offers eleven hands-on bachelor's and master's degree programs, most of them organized as online programs in 2021 due to the pandemic.

In June 2021, a call for tenders was also issued to plan a new student residence building on the Künzelsau campus. The residence hall is scheduled to be completed for the 2024 winter semester.

In 2012, the Würth Foundation established the Markus Würth Endowed Professorship for Pediatric Neuro-Orthopedics and Cerebral Palsy at the Technical University of Munich, which is currently held by Professor Renée Lampe. At the University of Tübingen, the Würth Foundation has been supporting the Poetry Professorship within the German Seminar since 1996. The professorship was taken over by authors Eva Menasse and Thomas Hettche in 2021.

FUNDING RESEARCH Professor Renée Lampe (left) holds the Markus Würth Endowed Professorship initiated by Carmen Würth. Among other things, she is investigating how brain damage in early childhood can be prevented and mitigated.

WÜRTH EDUCATION PRIZE
The young people from the student company "Woodpecker ... alles paletti!," set up by Schule am Steinhaus in Besigheim, at the project launch in October 2019. During the competition, they demonstrated entrepreneurial spirit and had the opportunity to learn about the business world.

Competence Center for Economic Education Würth Foundation

The Competence Center for Economic Education in Baden-Württemberg was set up on the initiative of Prof. Dr. h. c. mult. Reinhold Würth in 2005 under the umbrella of the Würth Foundation. In cooperation with the Ministry of Education, Youth, and Sports of Baden-Württemberg, the educational initiative aims to promote entrepreneurial thinking and action at schools. Particular impetus comes from the Würth Education Prize. In 2021, the first prize of EUR 4,000 went to the Schule am Steinhaus school in Besigheim for its student company "Woodpecker ... alles paletti!" The schools selected by a jury had previously received EUR 6,000 in start-up capital and professional support for the implementation of their projects.

The Competence Center also organizes training for teachers and initiates events for school and business leaders. The "HANDWERKSTATT" (TRADES WORKSHOP) opens up career prospects in the trades for students. In the context of the 9th federal state prize for graduates of secondary technical schools, 16 young people received awards for outstanding academic achievements and above-average voluntary commitment in July 2021.

Another initiative of the Competence Center was implemented for the very first time in 2021: the European Youth Parliament in Hohenlohe. Around 60 trainees and students from the region addressed European policy issues in Kupferzell from 4 to 6 October 2021. The forum for trainees and students was organized jointly with Bildungsregion Hohenlohekreis (District of Hohenlohe Education Region) and Europäisches Jugendparlament in Deutschland e. V. (European Youth Parliament Germany).

The teenagers and young adults spent three days discussing the economy, climate protection, digitalization, and their visions for shaping Europe's future in Carl-Julius-Weber-Halle with MEP Evelyne Gebhardt, among others, who was also the patron of the event.

Europäisches Jugendparlament in Deutschland e. V. has been offering young people the opportunity to exchange ideas about Europe with their peers for more than 30 years. This educational work is performed on a voluntary basis by young people for teenagers and young adults and has already been awarded the Theodor Heuss Medal and the Europe Award.

EUROSKILLS 2021 At the European championship of the trades in Graz, around 450 young skilled professionals competed in job-specific competitions. The Würth Group supported them by supplying professional equipment, materials, and tools.

Lifelong learning Continuing education is a key component of corporate culture at Würth. In addition to commercial, logistics, and technical apprenticeships, Würth also offers twelve bachelor's degree courses in these areas in collaboration with Baden-Württemberg Cooperative State University.

Founded in 1991, Akademie Würth facilitates individual further education beyond initial vocational training. The Business School within Akademie Würth offers all Würth Group employees academic continuous education programs for working professionals. The courses are also open to interested parties outside of the Würth Group, and a large number of renowned companies take advantage of the programs on offer. In cooperation with distance learning universities, Akademie Würth Business School offers bachelor's degree courses such as business administration and industrial engineering, and master's degree programs such as the Master of Science in Digital Management and Transformation.

Together with the University of Louisville in Kentucky, USA, Akademie Würth Business School has been offering a 13.5-month part-time Master of Business Administration (MBA) in Global Business since 2001. The MBA degree is awarded by the University of Louisville. Two stays in Louisville give students the opportunity to experience studying at a renowned research-intensive university. Since 2020, students have been able to work toward a Master of Science with a focus on Family Business after completing the MBA course. The courses last six months and are offered together with Heilbronn University of Applied Sciences.

Würth Group sponsors the European championship of the trades
From 22 to 26 September, EuroSkills 2021, the European championship of the trades, was held in Graz, Austria. Around 450 participants under the age of 25 from more than 20 countries competed for medals in one of around 40 disciplines. As a diamond sponsor, Würth Austria provided 4.5 metric tons of products, tools, machinery, material, and equipment for the competitions. Individual national Würth companies also supported their national teams by supplying tools and materials; Adolf Würth GmbH & Co. KG, as a member of WorldSkills Germany e. V., for example, was the supplier of the German team. The EuroSkills is held every two years.

More

responsibility

BULLETIN

THE BOARDS

REPORT OF THE ADVISORY BOARD

Ladies and Gentlemen,

"We woke up today in a different world"—these were the words that German Foreign Minister Annalena Baerbock used on the morning of 24 February 2022 to signal that nothing would ever be the same again. We all thought we were safe when 1990 brought about German reunification and the end of the Cold War. We thought the conflict between West and East had been resolved and that diplomacy and strong alliances were guarantors of peace and freedom.

The Würth Group is responsible for over 83,000 employees. More than four million customers across the globe trust Würth to be on hand to assist them as a reliable partner, even in difficult times. As a family business, Würth is supported by a strong culture of values characterized by mutual respect and tolerance. The European idea of world peace is based on the very same foundation. All of this gives me confidence that our longing for peace will ultimately prove stronger than war and terror. My thoughts are with all the separated families, with the people in Ukraine who are forced to leave their homes in search of safety, and with those who are risking their lives there for a better future. Therefore, I hope that our donation of one million euros will provide support during this difficult time. There is also a great deal of solidarity within the Group: Our employees are collecting donations in kind to help people in Ukraine.

The Würth Group closed the 2021 fiscal year very successfully. With sales of EUR 17.1 billion, the Group grew by 18.4 percent, while the operating result increased to EUR 1.3 billion. Nobody can predict how this war will affect the fiscal year that lies ahead. The German economy expects to see an end to the COVID-19 crisis, which gives us at least one reason to be hopeful. I myself am putting my energy and confidence into every discussion with our customers, employees and every person I meet, combined with the message that commitment to peace and freedom, the cornerstones of social cohesion, begins with each and every one of us. Each and every one of us has to bear responsibility. We all decide what our children's future will look like.

Work of the Advisory Board

The Advisory Board of the Würth Group held four extensive meetings in 2021. A resolution was also passed to expand the Central Managing Board from four to five members at an extraordinary Advisory Board meeting held on 3 February 2021. These meetings were all based on the reports from the Central Managing Board members covering the business situation, projections, and opportunity and risk management. All transactions subject to approval pursuant to the company statutes were submitted to the Advisory Board for approval in good time and considered at length; in urgent cases, resolutions were passed by means of a circular procedure.

In 2021, the work of the Advisory Board was again dominated by the COVID-19 pandemic and its impact on the company. The Advisory Board provided support to the Central Managing Board. The aim of the Advisory Board's work was to continue with the general strategic development of the Würth Group in addition to focusing on overcoming the pandemic in the short term. In this respect, topics relating to the digitalization of our business model and processes remained a focal point in 2021 and became even more important in light of the pandemic. Another focus topic was ensuring the availability of goods. The Advisory Board's regional focus was on the Würth Group's activities in North America and Asia, particularly in China.

The Advisory Board continuously monitored the work of the Central Managing Board and provided it with support in its management duties, in the further strategic development of the company, and with regard to key individual issues. In addition, the Chairwoman of the Advisory Board was provided with regular information on current developments and relevant events within the company outside of board meetings in reports by members of the Central Managing Board.

Bettina Würth
Chairwoman of the
Advisory Board
of the Würth Group

Each of the Advisory Board's three committees (Personnel, Audit, and Investment Committee) met three times in 2021. These meetings serve to increase the efficiency of the Advisory Board, carrying out preparatory work on complex issues. The committee chairs each report regularly and in depth to the Advisory Board as a whole on the work of the committees.

On 27 April 2021, the Advisory Board's Audit Committee took an extensive look at the 2020 consolidated financial statements, including the Group management report, for which an unqualified opinion was issued, as well as the audit report prepared by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft. The Audit Committee examined these documents and approved them. In 2021, the Audit Committee focused on ensuring the effectiveness of risk management, internal auditing, and compliance structures in the Würth Group, as well as on the Group's IT strategy in a forward-looking manner.

The Advisory Board's Investment Committee assessed the investment projects that are subject to approval and classified them according to urgency and significance. The committee also addressed the issue of investment controlling, especially in light of the impact of the pandemic on short-term business development. The Würth Group remained committed to its investment culture as a prerequisite for the company's growth in 2021. The Advisory Board approved the corporate plan, including the investment and financial plan, of the Würth Group for the 2022 fiscal year at its meeting on 10 December 2021 based on the proposal submitted by the Investment Committee.

The Advisory Board's Personnel Committee dealt with all personnel measures falling within the Advisory Board's area of responsibility at its meetings. The Committee focused on HR development and succession planning for managers, as well as on the structure of the management incentive and remuneration systems. The Personnel Committee has the power to pass resolutions regarding employment contracts and management remuneration.

The Advisory Board of the Würth Group would like to thank the Central Managing Board and the Supervisory Board of the Würth Group's Family Trusts for the good working relationship, especially Prof. Dr. h. c. mult. Reinhold Würth, Chairman of the Supervisory Board of the Würth Group's Family Trusts. Although the 2021 fiscal year was still hit hard by the COVID-19 pandemic, it proved to be a very successful year. We would like to extend a very sincere thank you to all our employees for this outstanding achievement. Most importantly, we would like to thank all our customers and business partners for their loyalty to the Würth Group.

Sincerely,

B. Würth

Bettina Würth
Chairwoman of the Advisory Board of the Würth Group

REPORT OF THE CENTRAL MANAGING BOARD

Ladies and Gentlemen,

The Charter of the United Nations came into force in 1945, founded on a firm determination to save future generations from the unspeakable suffering of another world war. And yet today, we are left aghast as we look eastward, where the war in Ukraine poses a threat to the very foundations of our peace and freedom. And so 24 February 2022 was suddenly no longer a normal Thursday, but rather the beginning of a turning point for all of us: war in Europe. War only 1,500 kilometers away as the crow flies. The only hope we have lies in our common strength, cohesion within Europe, the West standing together resolutely for peace and freedom.

Unprecedented sanctions are putting the world order to the test, as the exclusion of Russian banks from the international financial communication system Swift has so clearly shown. The United Kingdom and even Switzerland, with its neutral stance, have also joined the EU sanctions. Nevertheless, the times of German, European, and global certainties are well and truly behind us. Rather, our times present us with enormous challenges that we can only hope to overcome together. These are exacerbated further by the effects of the ongoing COVID-19 pandemic, raw material shortages, and supply chain bottlenecks that we have been facing since last year. And yet we are still able to look back on a fiscal year that was extraordinarily successful for the Würth Group. This success was achieved because we, as a company, resolutely joined forces with our employees, our customers, and our partners. Let us continue to hope for shared determination in all the tasks that lie ahead of us this year, both big and small.

The Würth Group achieved sales of EUR 17.1 billion in 2021, up by 18.4 percent. At EUR 1.3 billion, our operating result was also significantly higher than the year before. The fact that we were able to set a new sales and operating result record against the backdrop of these major political and economic challenges fills us with a humble sense of achievement. My most sincere thanks go to our more than four million customers worldwide: Without their trust in our performance and service philosophy, this would never have been possible. Due to their systemic relevance, the skilled trades have been operating continuously throughout the pandemic: Hospitals, government authorities, stores—a great many adjustments were needed to meet the new COVID-19 regulations in addition to the demands of day-to-day business, all this amidst a lack of skilled workers and young talents in the trades. This deserves our utmost respect.

With our multi-channel sales, we were on hand to assist our customers at all times: E-procurement, the Würth App, and our online shop offer digital procurement options that complement the bricks-and-mortar network of our 2,500 pick-up shops worldwide and our more than 33,000 sales representatives. Therefore, I would also like to thank our more than 83,000 employees who give their all for our customers day in, day out. Be it in the pick-up shops in line with the corresponding hygiene regulations or via contactless purchases, Würth customers get the goods they need. This underpins the Group's strategic focus on digitalization: At EUR 3.4 billion and 19.9 percent of total Group sales, e-business sales rose to a record high. All in all, it was a very successful 2021.

Robert Friedmann
Chairman of the
Central Managing Board
of the Würth Group

It is, however, almost impossible to predict how 2022 will unfold. At the beginning of the year, a global economic recovery still appeared to be within reach, particularly because the peak of the COVID-19 pandemic had been overcome in a large number of European countries and the individual economies had unveiled plans to reopen. Experts expected Germany to achieve stronger growth than in 2021 overall. But the current dystopian climate and the mixed global macroeconomic situation make it difficult to come up with reliable forecasts: for sectors, companies, national economies, and the global economy.

This means that the gap separating security from insecurity is even narrower than it was last year. There are manifold issues facing us, and we are all tired of many people insisting on putting their own principles above the good of an entire society, or indeed the world. All of us want something to look forward to, to start over and find something that inspires hope in us. One beacon of hope for us as a company is the new Würth Innovation Center, which we will open in the third quarter of 2022. Watching the construction progress is a source of motivation for all of us: With an investment volume of EUR 70 million, one of the world's most efficient test centers for fastening technology is being built on a site spanning 15,000 square meters. We are combining research and science with the needs of our customers in state-of-the-art workshops and laboratories to bring our products to market even faster. This sends out a clear signal in terms of our innovative strength and manufacturing expertise. The project has us looking forward to the future. Let us hope that our spirit of optimism is not nipped in the bud. Let us hope that the war in Ukraine can be resolved soon.

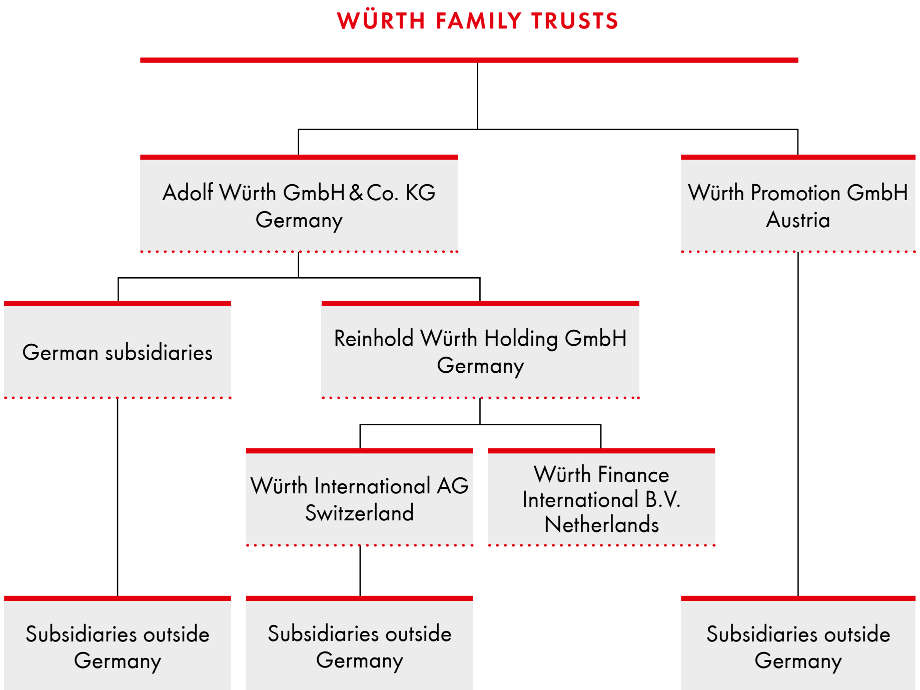
The Central Managing Board of the Würth Group would like to thank everyone joining us as we look ahead: our customers, employees, the Councils of Confidence and Works Councils, the members of the Customer Advisory Board, the Supervisory Board of the Würth Group's Family Trusts, the Advisory Board, and the Würth family, in particular Prof. Dr. h. c. mult. Reinhold Würth and Bettina Würth.

For the Central Managing Board

Robert Friedmann
Chairman of the Central Managing Board of the Würth Group

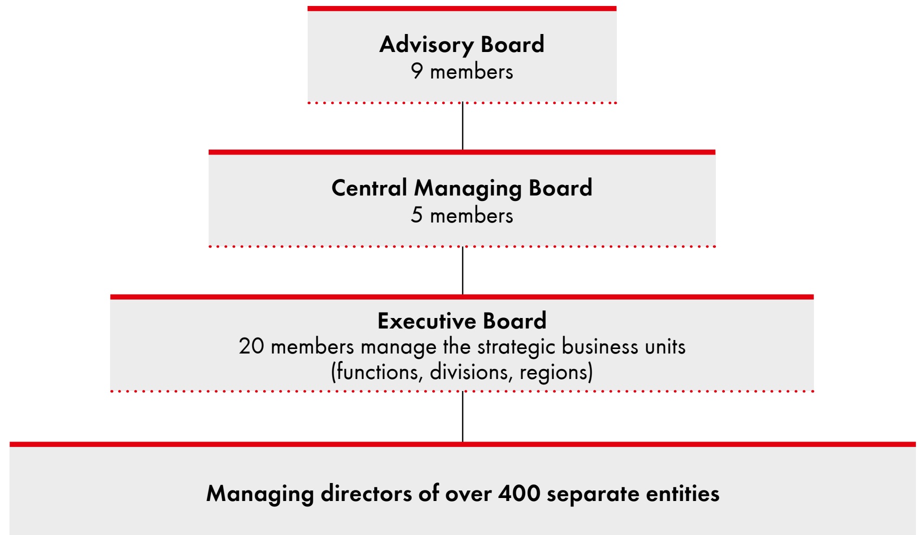
Würth Group: Legal structure

Simplified chart



Organizational structure

As of 31 December 2021



Advisory Board

The Advisory Board is the chief supervisory and controlling body of the Würth Group. It advises on strategy and approves corporate planning as well as the use of funds. It appoints the members of the Central Managing Board, the Executive Board, and the managing directors of the companies that generate the most sales.

Bettina Würth
Chairwoman of the Advisory Board of the Würth Group

Dr. Frank Heinricht
Deputy Chairman of the Advisory Board of the Würth Group
Chairman of the Management Board of Schott AG, Mainz

Peter Edelmann
Managing Partner of Edelmann & Company, Ulm

Dr. Ralph Heck
Director emeritus at McKinsey & Company, Düsseldorf
Chairman of the Bertelsmann Stiftung Executive Board, Gütersloh

Wolfgang Kirsch
Chairman of the Supervisory Board of Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe
Former Chief Executive Officer of DZ BANK AG, Frankfurt/Main

Hans-Otto Schrader
Chairman of the Supervisory Board of Otto AG für Beteiligungen, Hamburg

Markus Sontheimer
Chief Information and Digital Officer of ISS A/S, Søborg, Denmark
(since 1 January 2022)

Dr. Martin H. Sorg
Certified Public Accountant and Partner of Binz & Partner Rechtsanwälte Steuerberater Wirtschaftsprüfer mbB, Stuttgart

Sebastian Würth
International Division Manager, Würth Group

Honorary Chairman of the Advisory Board

Prof. Dr. h. c. mult. Reinhold Würth
Chairman of the Supervisory Board of the Würth Group's Family Trusts

Honorary members of the Advisory Board

Rolf Bauer
Former Member of the Central Managing Board of the Würth Group

Dr. Bernd Thiemann
Former Chairman of the Management Board of Deutsche Genossenschaftsbank AG, Frankfurt/Main

Central Managing Board

The Central Managing Board is the highest decision-making body of the Würth Group. It has five members and is comparable to the management board of a group holding company. Its most important duties include corporate strategy planning, the selection of executives, and the management of strategic business units and functions.

Robert Friedmann
Chairman of the Central Managing Board of the Würth Group

Dr. Jan Allmann
Member of the Central Managing Board of the Würth Group

Rainer Bürkert
Member of the Central Managing Board of the Würth Group

Bernd Herrmann
Member of the Central Managing Board of the Würth Group

Joachim Kaltmaier
Member of the Central Managing Board of the Würth Group

Rainer Bürkert, Dr. Jan Allmann, Robert Friedmann, Bernd Herrmann, and Joachim Kaltmaier (from left to right)

Customer Advisory Board

The Customer Advisory Board of Adolf Würth GmbH & Co. KG brings together Würth customers from trade and industry. The members report on developments in their sectors and support Würth in aligning its activities with customer requirements. The board's meetings, which are held twice a year, also look at new products and innovative services.

Frank Westermann
Chairman of the Customer Advisory Board
Managing director of
Karl Westermann GmbH & Co. KG,
Denkendorf

Michael Hüßmann
Prokurist (Authorized Signatory),
Head of Purchasing at
HAMM AG, Tirschenreuth

Wolfgang Kopplin
Member of the Management Board of
Emil Frey AG, Zurich
Chairman of the Supervisory Board of
Schwabengarage GmbH, Stuttgart

Dierk Mutschler
Member of the Executive Board
and Partner of Drees & Sommer SE,
Stuttgart

Josef Stengel
Managing Partner of Stengel GmbH,
Ellwangen

Harald Supper
Member of the Management Board of
Zech Group SE, Bremen

Burkhard Weller
Managing Partner of
WELLERGRUPPE Holding SE & Co. KG,
Berlin
Honorary Senator of
Nuertingen-Geislingen University,
Germany

Honorary Chairman of the Customer Advisory Board

Gerhard Irmscher

More

insight

GROUP MANAGEMENT REPORT

The company

The Würth Group is the global market leader in its core business: the production and sale of fastening and assembly materials. Headquartered in Künzelsau, Germany, the Group operates worldwide and includes over 400 companies with 2,497 pick-up shops in more than 80 countries—from the US, Greenland, Europe, and South Africa to India, China, and New Zealand.

The Würth Group is divided into two operational units: The Würth Line focuses on the production and sale of assembly and fastening materials for customers in trade and industry. Other trading and production companies, known as the Allied Companies, operate in related business areas, ranging from electrical wholesale and electronics to financial services. The Group generated sales of EUR 17.1 billion in the 2021 fiscal year.

The screw wholesaler Adolf Würth, established in 1945 with just two employees, has evolved into a Group with over 83,000 employees, more than 33,000 of whom work as members of the sales force. More than four million customers place their trust in the high-quality products and the comprehensive service that extends far beyond the actual product.

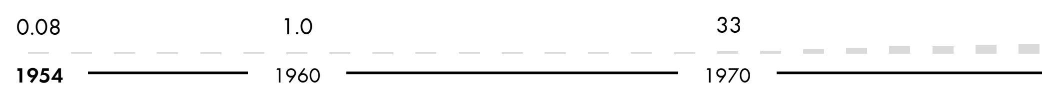
In order to continue placing highly competitive products on the market, Adolf Würth GmbH & Co. KG, the nucleus of the Group, is investing in an innovation center at its headquarters. Developers, product managers, scientists, and users from industry and trade will work together on product and system innovations from the third quarter of 2022 onwards. To this end, Würth is also involving employees from its own production companies in the development processes on site.

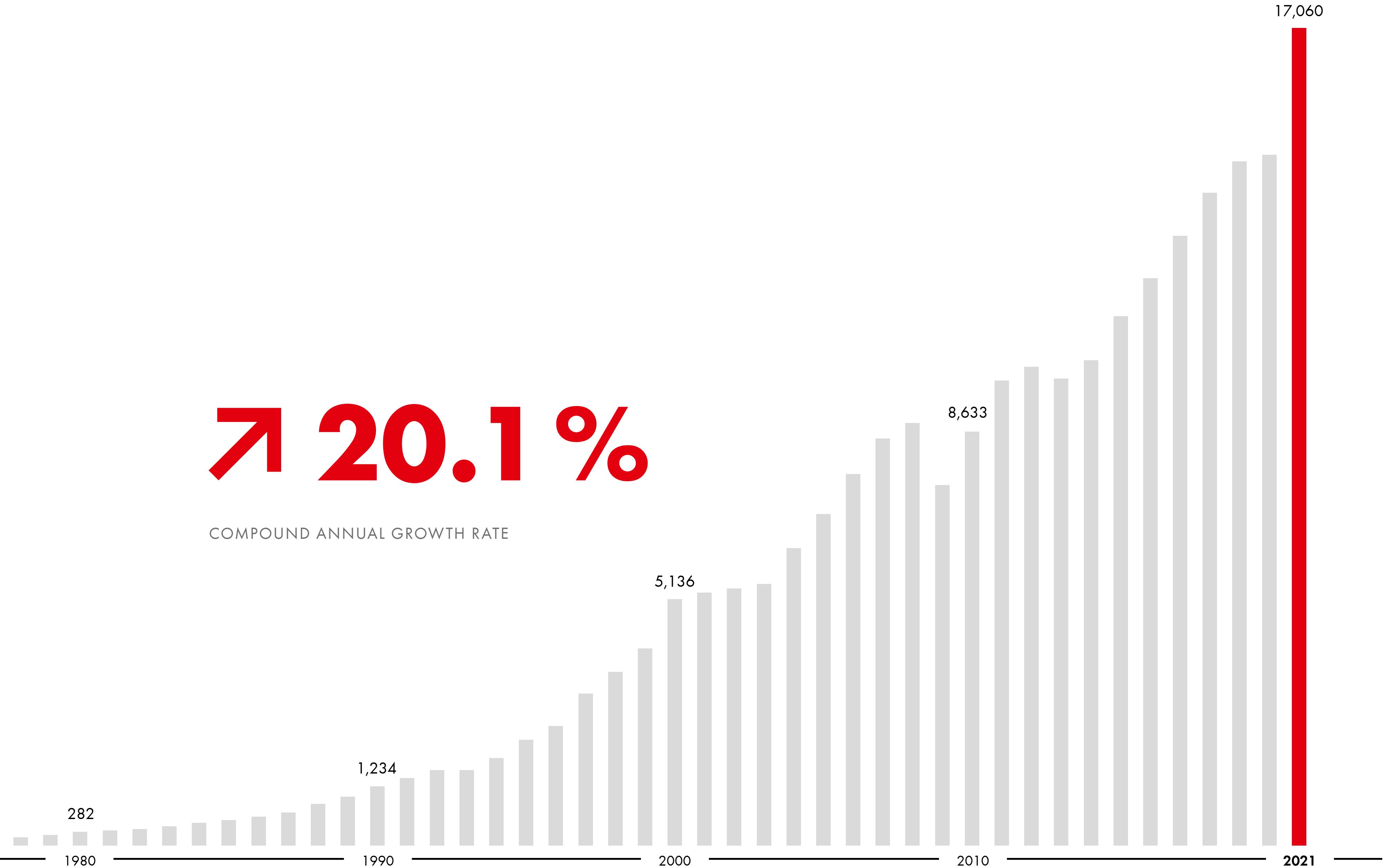
Assuming social responsibility is a firmly established component of the Würth Group's corporate culture—be it in economic, social, cultural, or ecological terms.

The Würth Group and the Würth Foundation contribute to a vibrant cultural landscape and social welfare. The Group runs, for instance, five museums in the German Hohenlohe region and another ten associated galleries across Europe that display international works of art, mainly from the Würth Collection, with no admission charges. In 2017, the Würth Philharmoniker orchestra was founded as the musical ensemble of Reinhold Würth Musikstiftung gGmbH. In addition, the Würth Group and the Würth Foundation are committed to helping people with disabilities. Examples of this commitment include Hotel-Restaurant Anne-Sophie and our support of the Special Olympics, as well as the Markus Würth Endowed Professorship for Pediatric Neuro-Orthopedics and Cerebral Palsy at the Technical University of Munich. Another focus is on education and research, be that at Freie Schule Anne-Sophie schools in Künzelsau or Berlin, funded by the Würth Foundation, or Reinhold-Würth-Hochschule on the Künzelsau campus. Soccer and winter sports are the focal points of the company's sports sponsorship.

In order to also live up to its ecological commitment, the company is devoting greater attention to exploiting its potential in the areas of climate neutrality and the circular economy. Adolf Würth GmbH & Co. KG has set itself the goal of becoming climate-neutral (Scope 1 and 2) at its locations in Germany by 2024. In addition to energy efficiency, the company is focusing on producing its own electricity using photovoltaic systems and on switching its vehicle fleet over to alternative drives. The sustainability report planned for fall 2022 will provide information on the related activities at the Group level.

SALES DEVELOPMENT Würth Group in millions of EUR




17,060
↗ 20.1 %
COMPOUND ANNUAL GROWTH RATE
8,633
5,136
1,234
282
1980
1990
2000
2010
2021

Economic environment

The COVID-19 pandemic continued to keep the global economy on edge in 2021. While the economy was able to bounce back from the biggest growth slump in recent decades (3.1 percent in 2020), 2021 as a whole still lagged behind expectations with a global increase in gross domestic product of 5.9 percent. The situation varied considerably from economy to economy. Deutsche Bundesbank has provided various explanations for this: Different measures of varying duration, as well as the expansionary monetary and fiscal policies pursued by the world's industrialized nations, but also differences in the pace of vaccination and the immunization of the population had a decisive impact on the variance in economic trajectories. All in all, the advanced economies suffered rather minor longer-term damage. Gross domestic product increased in the world's largest economies: The US economy grew at a rate of 5.7 percent, the fastest pace witnessed since 1984 (2020: –3.5 percent), while China saw a stronger increase than expected at 8.1 percent (2020: +2.3 percent).

- **German economy back on growth track after COVID-19 crash, but weaker than neighboring countries to the south**
- **Ongoing supply and material bottlenecks put a damper on sentiment, but exports rise nevertheless to record level**
- **Overall, the trade sector came through the crisis better than the economy as a whole**

The economy in **Germany**, the Würth Group's largest single market, mounted a recovery in 2021 with gross domestic product up by 2.7 percent following the slump triggered by the COVID-19 pandemic in the previous year (2020: –5.0 percent), albeit a less significant increase than originally expected. Whereas private consumption slowed noticeably, exports, a key pillar of the German economy, reported strong growth of 14.0 percent year-on-year (2020: –9.1 percent), even outstripping pre-crisis levels.

According to Eurostat, the **eurozone** economy grew by 5.2 percent overall in 2021, recovering from its slump at the start of the COVID-19 crisis (2020: –6.4 percent). The economic situation started to cloud over, however, towards the end of 2021. Persistent supply problems, rising prices and the emergence of the Omicron variant of the coronavirus hit the economy hard. Growth in 2021 was, however, very uneven. While the German economy was slow to catch up, Southern Europe embarked on a more pronounced recovery path.

The Würth Group's core markets, trade, the automotive industry, the electrical industry, and mechanical engineering, were hit by supply bottlenecks, shortages of raw materials, and rising prices in 2021. Bottlenecks slammed the brakes on industrial output. All in all, total manufacturing output increased nevertheless by 3.0 percent in 2021 (2020: –8.5 percent).

A lack of components, especially semiconductors, also left its mark on the **automotive sector**. This meant that the downward trend witnessed in the previous year continued, albeit at a somewhat slower pace. The German market contracted by 10.0 percent (2020: –19.1 percent).

According to RWI, the Leibniz Institute for Economic Research, the **skilled trades**, the most important single market for the Würth Group, made it through the COVID-19 crisis better, all in all, than the economy as a whole. Despite nominal sales growth in 2020 and 2021, however, marked price increases in raw material procurement led to real sales losses in craft businesses.

After fueling an increase in sales in the trades in 2020, the **construction industry** was no longer a growth driver in 2021. Despite increased orders, growth was hampered significantly by the increasing shortage of building materials: In the mainstream construction sector, sales rose by 6.0 percent in 2021 in real terms (2020: +4.3 percent).

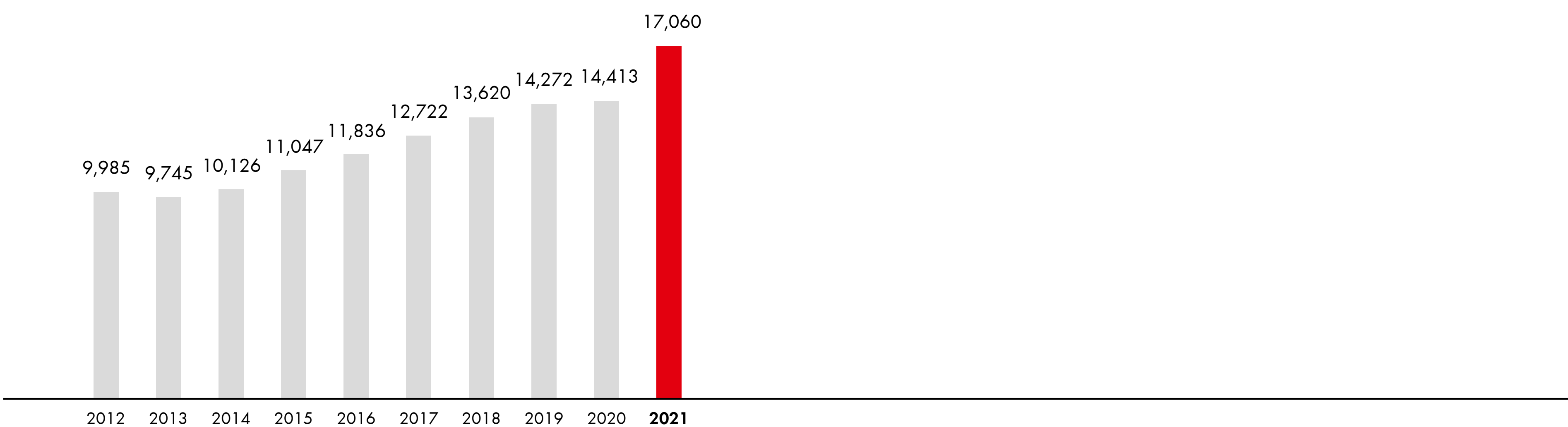
Business trends

- **Sales growth of 18.4 percent to EUR 17.1 billion**
- **Operating result exceeds EUR 1 billion mark for the first time**
- **Multi-channel strategy bears fruit—increased number of pick-up shops and share of sales attributable to e-business**

The Würth Group achieved record sales and a record operating result in the 2021 fiscal year: In 2020 the consolidated statement generated sales of EUR 17.1 billion, up significantly on the previous year (2020: EUR 14.4 billion). The growth rate of 18.4 percent increases to 19.0 percent after adjusting for foreign exchange effects. Germany once again proved to be resilient in the face of the COVID-19 pandemic. In this market, the Würth Group achieved growth of 14.3 percent to EUR 6.9 billion (2020: EUR 6.1 billion). The companies outside of Germany performed even better, with sales up by 21.4 percent to EUR 10.1 billion (2020: EUR 8.3 billion).

In the second year of the COVID-19 pandemic, the Group once again clearly demonstrated its performance thanks to the diversification of risk based on its international positioning, diversification across various business areas, and its multi-channel strategy. The Group companies in Southern and Western Europe, for example, reported above-average growth rates, due among other things to the very pronounced slumps in sales in 2020 in countries such as Spain, Italy, and France as a result of the pandemic. In terms of individual markets and sectors,

SALES Würth Group in millions of EUR



the Electrical Wholesale (+28.9 percent) and Electronics (+32.5 percent) business units, and especially the Würth Elektronik eiSos unit (+36.5 percent), were particularly successful. It is encouraging to see that the Industry division was able to more than compensate for its slump in sales in 2020, achieving the highest growth among the Würth Line divisions at 18.4 percent.

The number of pick-up shops worldwide has more than doubled in the past ten years to reach 2,497. Our customers' procurement of materials via these shops represents an important component of our multi-channel strategy. In addition, the digital possibilities offered by online shops, e-procurement, and the Würth App offer the right solutions for contactless shopping. In the 2021 fiscal year, e-business generated sales of EUR 3.4 billion, which corresponds to a new record with 19.9 percent of the Group's total sales.

The Group's own production plants in Germany and Europe ensure a certain degree of independence from global supply chains. Around 70 percent of goods originate in Europe. Nevertheless, supply bottlenecks also made themselves felt in individual areas of the Würth Group in 2021, albeit to a minor extent. The chip shortage, for example, had an impact on the companies in the Group that depend on the automotive industry.

At EUR 1,270 million, the operating result was up significantly year-on-year (2020: EUR 775 million) and marks a new record in the history of the Würth Group. Strong sales growth and higher productivity contributed significantly to the positive result. Due to the pandemic, the usual costs for travel, trade fairs, and conferences were not incurred in 2021. The return on sales increased considerably year-on-year to 7.4 percent (2020: 5.4 percent). In the past fiscal year, the Würth Group once again made sustained investments in its various business units and markets in order to implement its planned strategies. Capital expenditure on intangible assets and property, plant and equipment, excluding acquisitions, came to EUR 553 million in 2021.

The number of employees in the Würth Group increased by 4,044 to 83,183 in the 2021 fiscal year. In Germany, the Group has 25,438 employees. Around the world, the Würth Group employs more than 33,000 sales representatives. Including sales-related areas, more than 50,000 employees have direct contact with customers.

Sales by region

- **Germany remains biggest individual market**
- **Southern and Western Europe emerge stronger from the pandemic-ridden year of 2021**
- **Eastern Europe benefits from company acquisition**

Germany remains the most important individual market for the Würth Group, accounting for 40.7 percent of sales. The Würth Group achieved a clear double-digit increase of 14.3 percent in this market, a very positive result. At 21.4 percent, growth outside of Germany was significantly more dynamic than in Germany. As a result, the share of sales attributable to the German companies fell by 1.4 percentage points compared to 2020. The above-average growth rates seen outside of Germany can mainly be attributed to the Group companies in Southern, Western, and Eastern Europe, which were hit by dramatic slumps in sales in countries such as Spain, Italy, and France in 2020 due to the COVID-19 pandemic and have since recovered.

The decisions made at the start of the pandemic in 2020 not to reduce capacities within the Würth Group and to stick to the multi-channel strategy paid off again in 2021. The interplay between the various sales channels allowed the Group to make up for lost sales, maintain its proximity to customers, and ensure material supplies. The decentralized structure of the Würth Group, with over 400 companies in more than 80 countries, and the associated geographical diversification were key pillars in this respect. We supplied more than 4 million customers last year, with over 50 million orders leaving our warehouses.

In the 2021 fiscal year, sales of EUR 6,939 million were generated in **Germany**, up by 14.3 percent (2020: EUR 6,073 million). The German companies continued to reap the benefits of their robust performance in 2020, a year dominated by the pandemic. Although the economic data for Germany was corrected downward toward the end of the year, the stability of the individual business models allowed for successful development. The last time the German companies in the Würth Group achieved double-digit growth was in 2011. The Electrical Wholesale companies, the Würth Elektronik Group, specifically Würth Elektronik eiSos in Waldenburg, the production companies, and Würth Industrie showed particularly successful development in Germany. The German companies that act as direct suppliers for the automotive and mechanical engineering sectors and that were hit hard by the ailing economy in 2020, such as Arnold Umformtechnik or the tool distributor Hahn+Kolb, were able to recover and grow in 2021. The only exception to the positive development relates to the German companies in the Trade business unit, which cover sales to DIY stores. They were impacted by the lockdown imposed at the beginning of 2021 throughout the entire fiscal year and suffered a 4.5 percent drop in sales.

SALES Würth Group in millions of EUR

	2021	2020	%
Würth Line Germany	2,628	2,335	+12.5
Allied Companies Germany	4,311	3,738	+15.3
Würth Group Germany	6,939	6,073	+14.3
Würth Group International	10,121	8,340	+21.4
Würth Group total	**17,060**	**14,413**	**+18.4**

Adolf Würth GmbH & Co. KG, the parent company and at the same time largest individual company in the Group, generated sales of EUR 2,511 million including intra-Group sales (2020: EUR 2,215 million). This corresponds to an increase of 13.4 percent and marks the strongest growth achieved by the company in the last 10 years. On 16 July 1945, one of the success stories of post-war Germany began with the establishment of the company. It plays a pioneering role within the Group and successfully introduced the multi-channel strategy back in 2014. Alongside the sales force and in-house sales staff, the 574 pick-up shops (2020: 552) are key to the company's positive development. Even during the lockdown phases in Germany, these shops were open continuously due to their systemic importance, and our customers were able to cover their immediate needs at all times. This puts our Group's flagship closer to our customers than any of our competitors. The response to physical distancing requirements was the successful further expansion of e-business, whose sales increased by 19.8 percent to account for a 19.0 percent share of sales in 2021.

Professionalism, both internally and externally, coupled with dynamic sales growth explain the high level of profitability of Adolf Würth GmbH & Co. KG. It was able to follow in the footsteps of 2020 and again achieve a record operating result in excess of EUR 250 million in the 2021 fiscal year. This earnings power is also a prerequisite for investments in forward-looking sales, logistics, and product solutions: for instance, the construction of the new innovation center that is being built on the campus in Künzelsau and is set to open in the third quarter of 2022.

All in all, Germany accounts for an operating result totaling EUR 639 million (2020: EUR 376 million), making it the most profitable region.

In 2021, the Würth Group companies in **Southern Europe** were able to keep up the momentum from the fourth quarter of 2020 and achieve significant double-digit growth of 24.9 percent to EUR 2,438 million under their own steam. This means that Southern Europe increased its share of sales within the Würth Group in 2021 and is now the second-largest region within the Group after Germany, with a share of 14.3 percent. In terms of the absolute share of sales, Italy is the dominant country in the Southern European region, followed by Spain and, with a wide margin, Portugal.

While the region did not escape the COVID-19 pandemic unscathed in 2021 either, the companies were able to achieve very positive sales development by responding quickly and consistently to what were repeated exceptional situations. This was supported by many years of cooperation with customers and suppliers built on trust. Both the Italian and the Spanish companies in the Würth Group were able to increase their sales by more than 20 percent. In order to continue driving growth dynamically in the region in the future, the number of employees was increased by 2.2 percent. Out of the 13,054 employees, more than 7,700 work in the sales force. No other region has such a substantial sales force.

The **Americas**, which include both the US and Brazil, remained the continent that was hit the hardest by the COVID-19 pandemic in 2021. In addition, many countries in the Americas were hit by natural disasters such as wildfires, droughts, hurricanes, and tornadoes. Both effects hindered economic development. Nevertheless, the US economy bounced back from the effects of the pandemic last year and recorded the strongest growth witnessed since 1984. This trend was driven by increased consumer spending, capital investments, exports, and investments in inventories. The election of the 46th president of the United States, Joe Biden, and the associated realignment of the US also provided a positive boost to economic development in North America, but also worldwide, and trade conflicts were contained further in 2021. The Würth Group benefited from this trend and was able to grow its sales in the Americas region to EUR 2,370 million (+19.5 percent). In local currency terms, growth actually exceeded 20 percent.

The majority of companies in the US, the region's largest individual market, achieved double-digit growth. This growth extended beyond pandemic catch-up effects. In line with the strategy of the Würth Group, the companies in the US were also strengthened by acquisitions in a quest to complement the range of products and services they offer where worthwhile opportunities present themselves. By way of example, 100 percent of the shares in ORR Safety Corporation (ORR) were acquired on 15 March 2021. The buyer was the US company Northern Safety Co., Inc. In 2021, ORR generated sales of EUR 80 million and employed a workforce of 170 people. The company operates as a B2B distributor of personal protective equipment and is headquartered in Louisville, Kentucky.

The companies in South America, which account for around one percent of Group sales, also showed very encouraging performance in 2021, led by Würth Brazil, the largest company in the region. Sales growth in euro of 37.2 percent and an increase of 50.1 percent in local currency terms constitute above-average growth rates within the Würth Group, even though they are distorted positively by pandemic-related catch-up effects.

THE WÜRTH GROUP AROUND THE WORLD

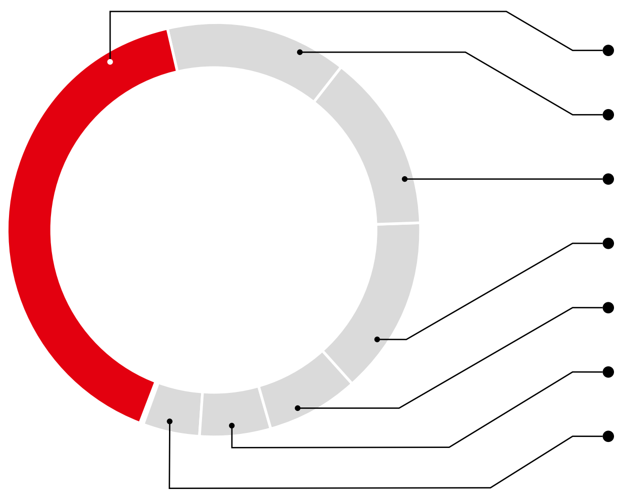
■ Countries in which Würth is represented

Western Europe is home to many of the Group's more established companies as it was there that the internationalization of the Würth Group began: one of the Group's major success factors. Sales increased by 18.6 percent to a new record level of EUR 2,365 million. All of the countries in this region recorded double-digit growth in 2021, with the exception of the companies in Switzerland (+6.1 percent). This is due primarily to the rather subdued sales performance achieved by the Swiss direct selling companies compared with the Würth Group as a whole.

The two countries with the highest sales, France and Austria, achieved particularly successful development, with growth of 18.9 percent and 20.9 percent respectively. Both countries achieved very promising, sustainable success in the area of e-business. The two countries account for 67.9 percent of the region's sales. Sales growth in the United Kingdom, adjusted for currency effects, came in at 32.5 percent, well above the growth rate for the region as a whole. It is impossible to find any conclusive answer as to the extent to which this includes catch-up effects relating to the pandemic or whether the situation is already showing signs of returning to normal after Brexit.

The **Eastern Europe** region achieved the strongest sales growth among the seven regions. The 36.7 percent increase was, however, boosted by the acquisition of Kaczmarek Electric S.A., which has its headquarters in Wolsztyn, Poland, in early 2021. The company is active in the electrical wholesale business. It has always been part of the Group's growth strategy to add targeted acquisitions

SALES Regions of the Würth Group



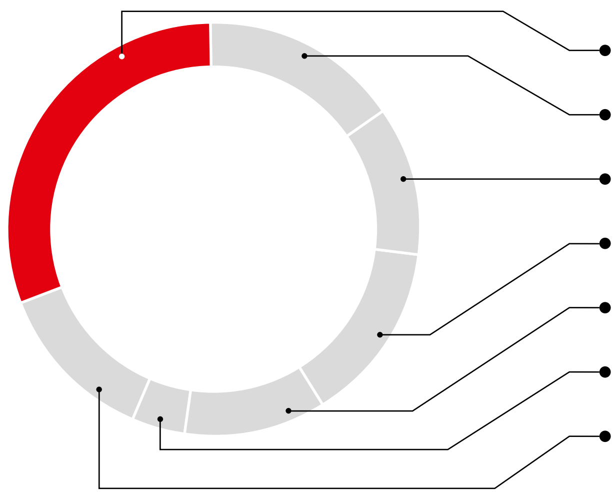
	2021 in %	**2021** in millions of EUR	2020 in millions of EUR	Change in %
Germany	40.7	6,939	6,073	+14.3
Southern Europe	14.3	2,438	1,952	+24.9
The Americas	13.9	2,370	1,984	+19.5
Western Europe	13.8	2,365	1,994	+18.6
Eastern Europe	7.2	1,226	897	+36.7
Scandinavia	5.5	939	864	+8.7
Asia, Africa, Oceania	4.6	783	649	+20.6
Total		**17,060**	**14,413**	**+18.4**

to successful business areas where it makes sense to do so. After adjustments to reflect this acquisition, the Eastern European companies closed the 2021 fiscal year with a 22.3 percent increase in sales, which is still above-average. The Würth Group employs 9,200 people in the region.

The structure of companies in the **Scandinavian** region has been relatively stable in recent years, which also reflects the maturity of the market. In the 2021 fiscal year, this region was the only one that fell well below the average for the Würth Group, with sales growth of 8.7 percent. After adjustments to reflect the sale of Arvid Nilsson Sverige AB in October 2020, the companies increased their sales by 11.1 percent. This region is home to another Würth Group flagship company: Würth Finland. For more than four decades now, the company has delivered impressive performance marked by a combination of sustained excellent market penetration and high levels of profitability. Würth Finland also spearheaded the spread of the successful "pick-up shops" sales concept within the Würth Line. The company now has 194 pick-up shops, five of which were added over the last 12 months.

Asia, Africa, and Oceania still only play a minor role for the Würth Group at present. The share of sales attributable to this region has been stable at a level of under five percent for years now (2021: 4.6 percent).

EMPLOYEES Regions of the Würth Group



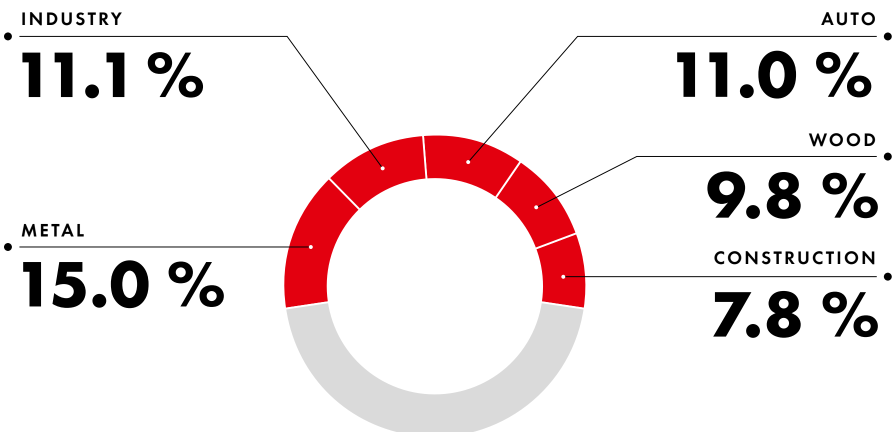
	2021 in %	2021	2020	Change in %
Germany	30.6	25,438	24,514	+3.8
Southern Europe	15.7	13,054	12,774	+2.2
The Americas	11.8	9,786	9,054	+8.1
Western Europe	14.0	11,687	11,508	+1.6
Eastern Europe	11.1	9,200	8,231	+11.8
Scandinavia	4.3	3,592	3,474	+3.4
Asia, Africa, Oceania	12.5	10,426	9,584	+8.8
Total		**83,183**	**79,139**	+5.1

THE OPERATIONAL UNITS OF THE WÜRTH GROUP

The divisions of the Würth Line

The business activities of the Würth Line focus on the production and sale of assembly and fastening materials for customers in trade and industry. Within the Würth Line, the operating business units are split into Metal, Industry, Auto, Wood, and Construction divisions.

SHARE OF SALES OF THE DIVISIONS in relation to the Würth Group's total sales



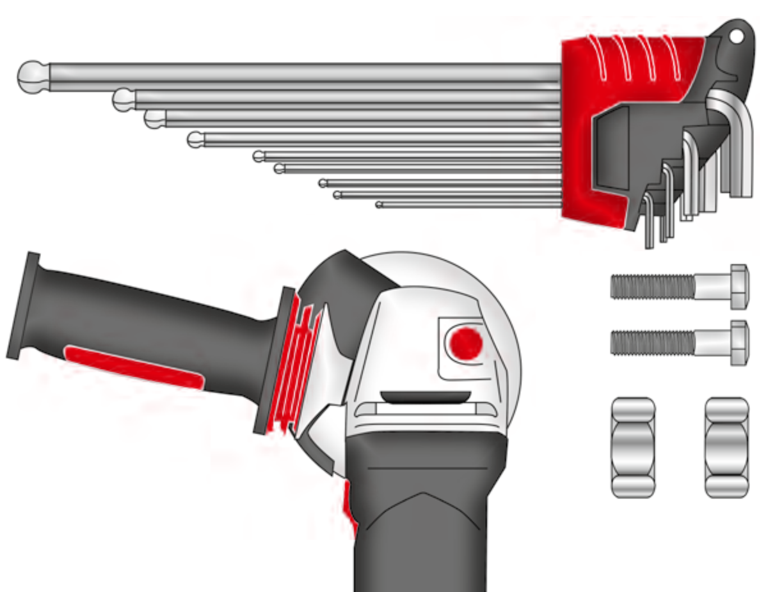
Metal division

The Metal division offers its customers innovative solutions to support them in their daily work today and in the future. Our core competency, direct selling, coupled with our pick-up shops and the various options for placing orders online, allows us to offer our customers top-quality advice and options for the procurement and provision of suitable products for everyone.

Metal subdivision
This subdivision directly serves customers in the metalworking and metal processing industries, and its main customers include metal and steel fabricators, fitters, and machine and vehicle manufacturers.

Installations subdivision
This subdivision concentrates on electricians, gas, heating and water installation firms, and air-conditioning and ventilation system engineers.

Maintenance subdivision
This subdivision addresses customers with in-house repair shops from a whole range of sectors, such as industrial enterprises, hotels, shopping centers, airports, and hospitals.



Industry division

The entities of the Industry division are specialized companies with a complete range of assembly and connecting materials for industrial production, maintenance, and repair. In addition to this comprehensive standard range, the division's strength lies in customized logistics concepts for supply and service, along with the provision of technical consulting.

The innovative further development of procurement and logistics systems within the Industry division emphasizes the role of full automation and systems in stocking and replenishing Würth products for manufacturing customers. One key focus remains the maximum availability of C-part supplies directly at the place of consumption, in the warehouse and at the workstation. All solutions are made available as part of a holistic approach to the supply of production and operating resources. As in the past, the focus is on expanding digital processes and sales channels.

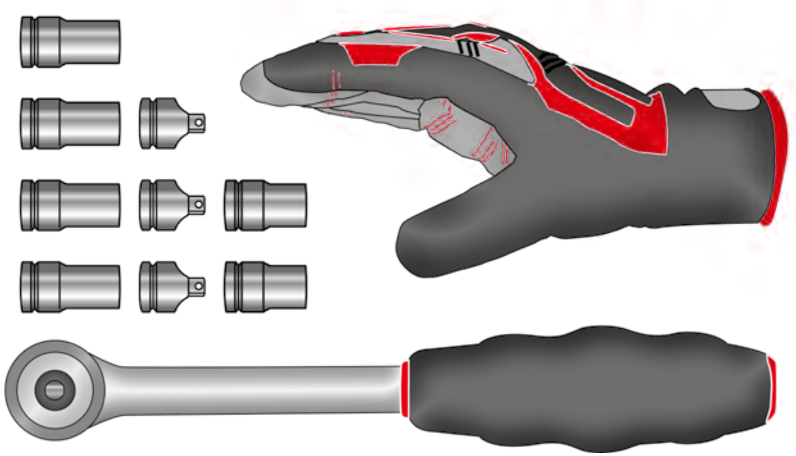
The strategic focus remains on personal on-site customer service thanks to a global network of companies and, as a result, the same high standards for quality, products, and processes across the globe.

Auto division

The Auto division sees itself as a competent partner for car workshops—today and in the future. In addition to a comprehensive product range meeting the highest quality standards, we offer our customers innovative services and systems to optimize their internal processes. In complementary areas of expertise such as diagnostics, air-conditioning services, and special tools, we support workshops in the automotive and commercial vehicle markets. We also offer solutions for alternative drive systems and the increasing digitalization in the automotive aftersales segment.

Car subdivision
The customers in the car subdivision include vehicle manufacturers, brand-specific and independent car dealers, customers with large vehicle fleets, bodywork specialists, vehicle restorers, tire changing businesses, and businesses in the bike segment.

Cargo/Commercial Vehicles subdivision
The customers of this subdivision are authorized commercial vehicle repair shops, independent commercial vehicle repair shops, repair businesses focusing on construction and agricultural machinery, transportation and logistics companies, bus companies, businesses specializing in repairing and renting working platforms and forklifts, public-sector municipal utilities and waste disposal companies, as well as companies from the agricultural and forestry sector.

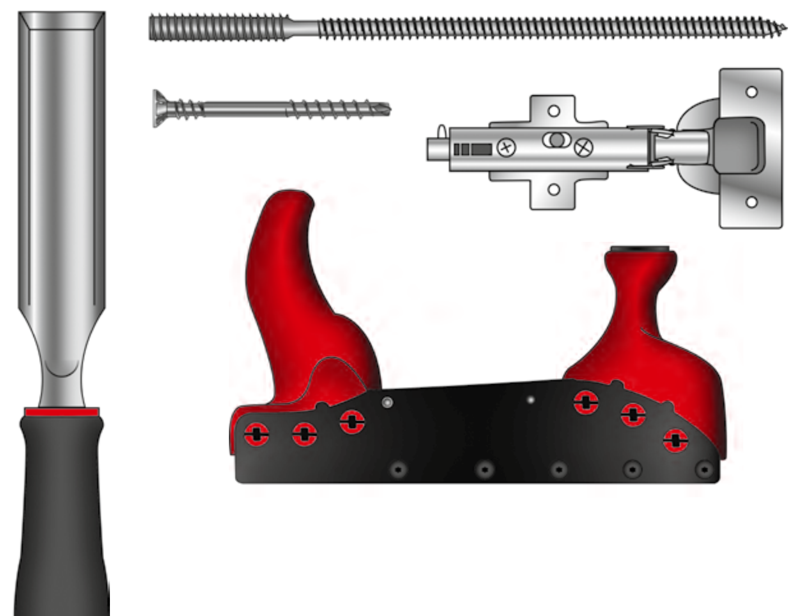


Wood division

The Wood division supports its customers in the entire woodworking and wood processing trade with a tailored product portfolio and specific application solutions. The product range includes wood screws, fittings, chemical-technical products, as well as material treatment and structural connection products.

Thanks to a high level of expertise and holistic sales solutions, we not only offer our customers products that are perfectly tailored to suit their needs, we also see ourselves as a personal advisor, assisting our clients from the preparation of their initial plans to the completion stage.

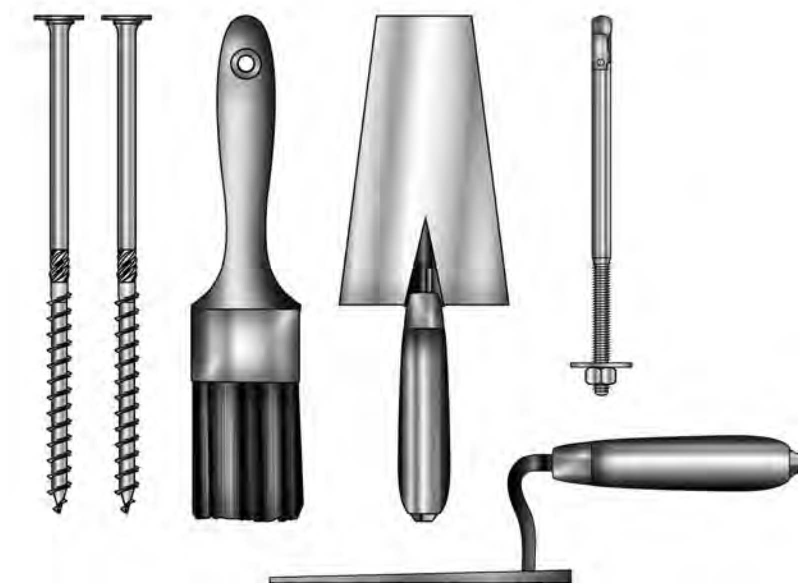
In these endeavors, the Wood division is responding to the latest trends in the industry: The WÜDESTO online configurator already allows customers to create customized furniture elements and order semi-finished parts with exact dimensions in Germany, Austria, and Italy. In order to sustainably develop the e-business area internationally and to meet demands in the skilled trades, there are already plans to integrate further companies into WÜDESTO.



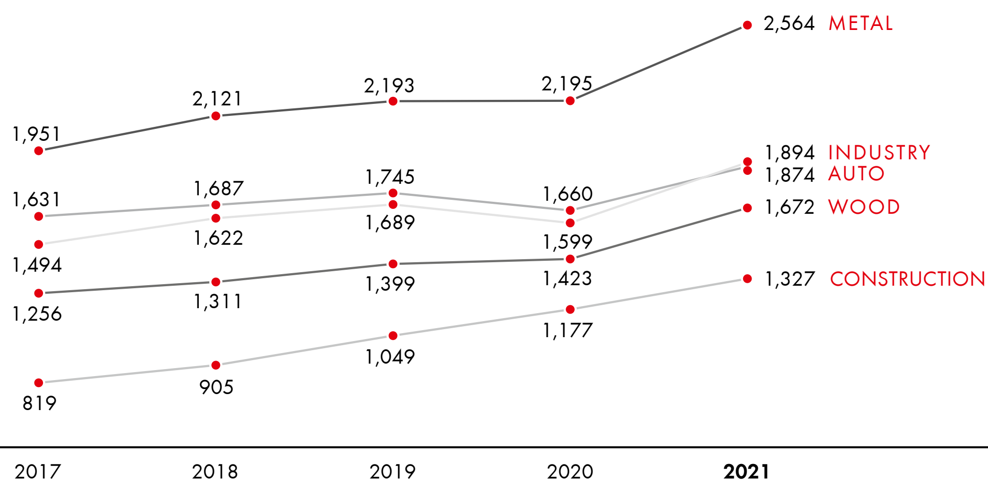
Construction division

The Construction division aims to supply construction companies across the globe at the regional, national, and international level with standardized high-end products and services. The pick-up shops are the ideal port of call for customers looking to cover their immediate needs. The sales force acts as a permanent point of contact at the construction site. They are responsible for optimizing the processes associated with the main trades involved in the shell construction phase and in the various technical building installations as part of the project business.

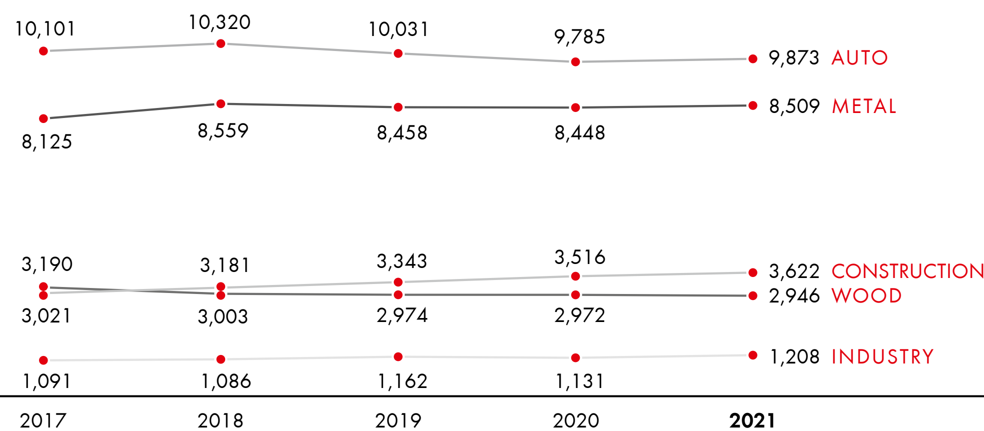
The Construction division encompasses all sales units responsible for serving customers in the building and civil engineering industry and the finishing trades. The focus is on construction companies, technical building equipment, roof and wood construction customers, finishing and facade specialists, and direct supplies to construction sites. Customized service and logistics solutions are also provided, such as equipped material stores directly at the construction site. There is an increasing focus on strategic target groups such as builders, planners, architects, and project managers.



SALES by division in millions of EUR



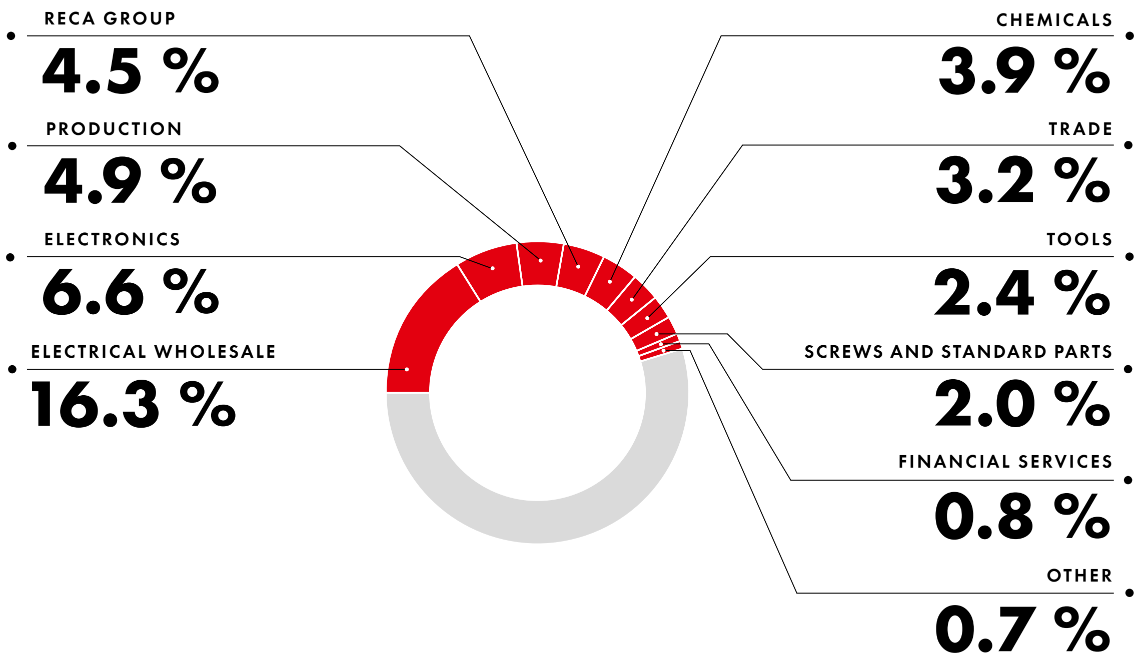
SALES REPRESENTATIVES by division



The business units of the Allied Companies

The Allied Companies operate either in business areas related to the Group's core business or in diversified business areas, rounding off the Würth Group's portfolio. They are divided into nine strategic business units. With the exception of a small number of manufacturing companies, the majority are sales companies operating in related areas.

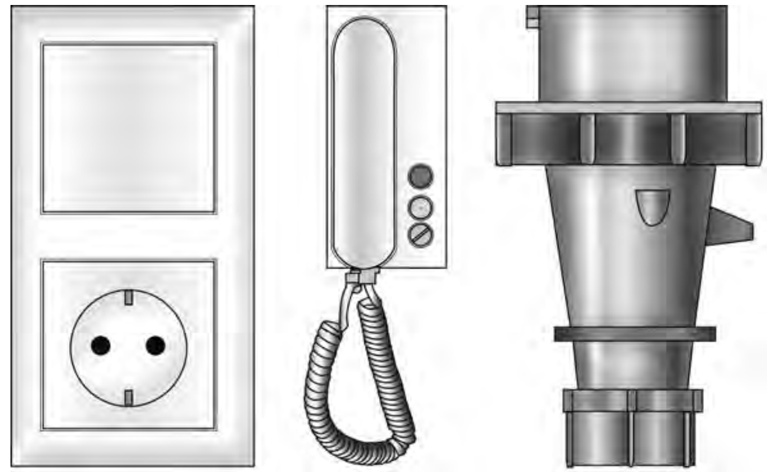
SHARE OF SALES OF THE BUSINESS UNITS OF THE ALLIED COMPANIES in relation to the Würth Group's total sales



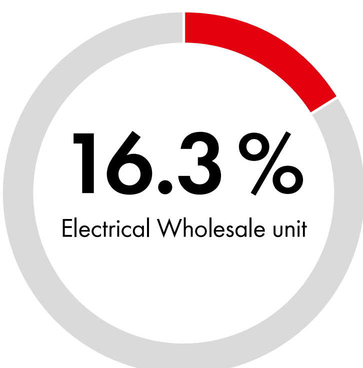
Electrical Wholesale

The business activities of these companies include products and systems covering the areas of electrical installation, industrial automation, cables and lines, tools, data and network technology, lighting and illumination, household appliances and multimedia, electrical domestic heating technology, and regenerative power generation. Trading activities are supplemented by extensive consultancy and service ranges and are aimed at professional customers from the trade, industry, and retail/wholesale sector.

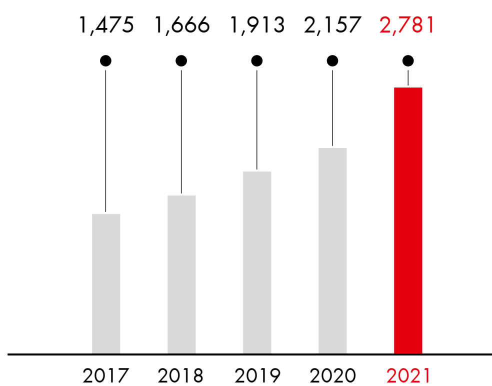
- Growth outstrips market trend: Electrical Wholesale achieved new record sales of EUR 2,781 million in 2021
- More than 6,400 employees
- Share of total sales up to 16.3 percent
- Close partnerships with suppliers enabled this successful trend in the face of existing supply chain problems
- Renewed increase in total number of customers
- The acquisition of Kaczmarek in Poland made the unit one of the leading suppliers in the Polish electrical wholesale segment
- Continued heavy investment in digitalization



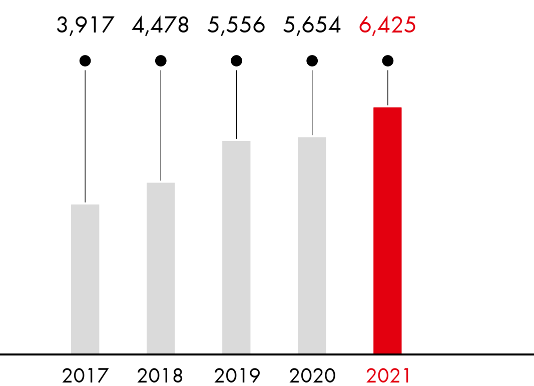
SHARE OF TOTAL SALES



SALES in millions of EUR

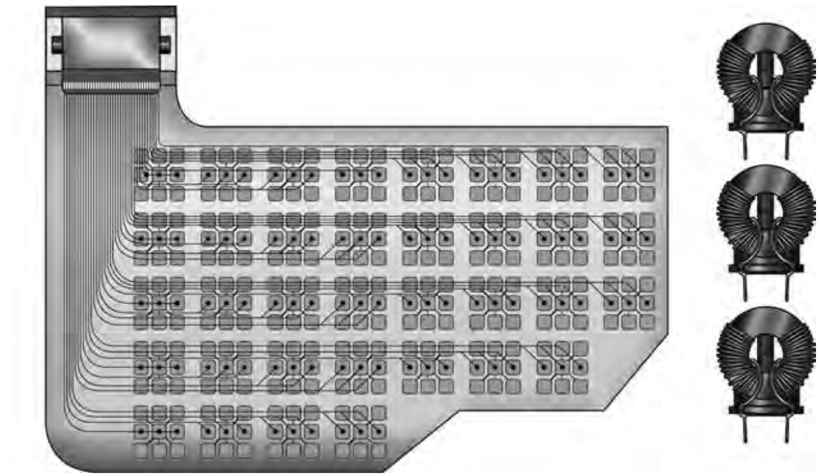


EMPLOYEES



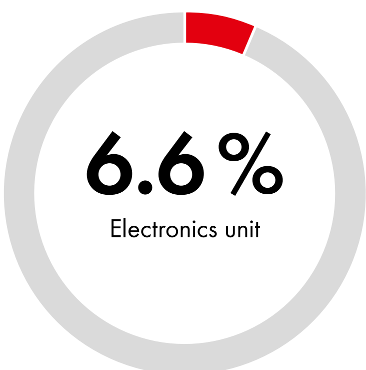
Electronics

The Electronics unit produces and sells electronic components such as printed circuit boards, electronic and electro-mechanical elements, and full system components from smart power and control systems.

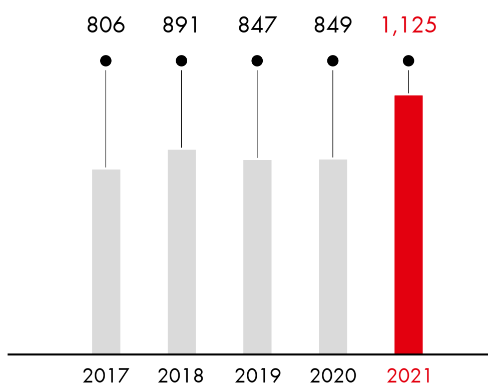


- Würth Elektronik Group: sales in excess of EUR 1 billion for the first time—all business units reported new record sales
- Würth Elektronik CBT (printed circuit boards): Use of the new ultra-thin SLIM.flex printed circuit boards in the LHC particle accelerator at the European Organization for Nuclear Research CERN near Geneva
- Würth Elektronik eiSos (passive electronic components): Construction work started on high-tech innovation center in Munich-Freiham
- Online platform REDEXPERT® ranked first in the readers' choice of the industry magazine ELEKTRONIK in the software category
- Würth Elektronik ICS (electronic and electromechanical solutions): Acquisition of enfas GmbH strengthens expertise in the field of intelligent controls
- Expansion of production capacities with new fully automated pressfit center for electromechanical assemblies

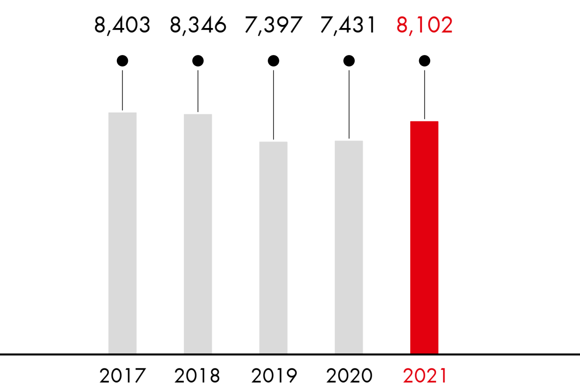
SHARE OF TOTAL SALES



SALES in millions of EUR



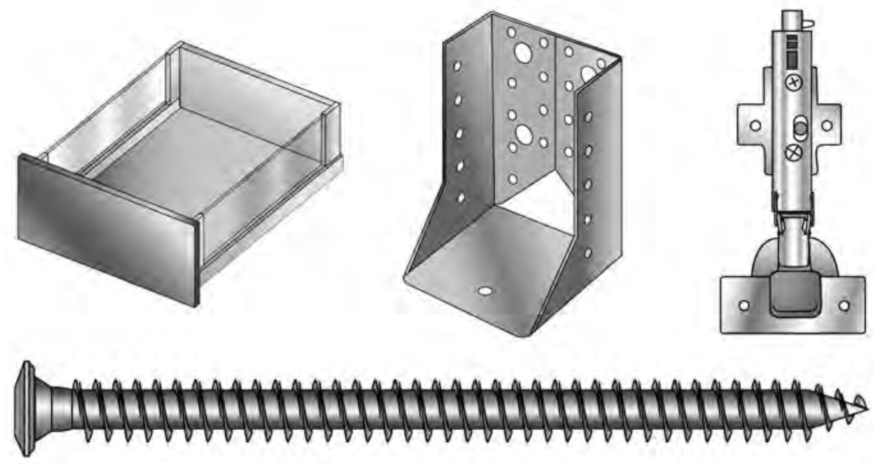
EMPLOYEES



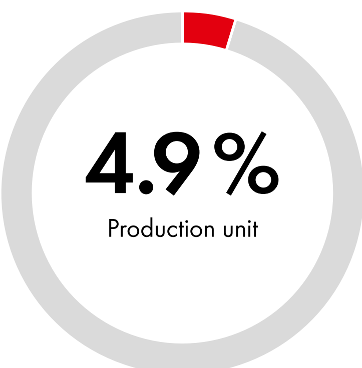
Production

The range in this business unit includes the production of cold-formed parts, forming and punching tools, a variety of fasteners and fastening systems, furniture fittings, plastic assortment and storage boxes, as well as factory and vehicle equipment. The business unit supplies a range of customers, including customers from the construction sector, the automotive industry, manufacturers of kitchens and household appliances, and wholesalers.

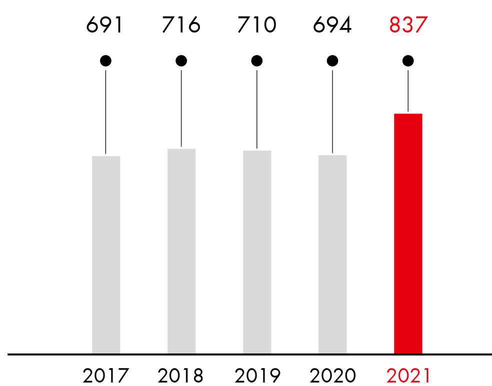
- Arnold Umformtechnik: Planning and acquisition of land to house the new site of the “Functional Components” business unit at Rauhbusch industrial estate in Forchtenberg finalized
- CO_2 emissions cut by around 50 percent with the “Conform Next” product range thanks to new technology for complex formed parts
- Güldner: Installation of a photovoltaic system that covers 40 percent of electricity requirements
- FELO: Installation of the first fully automated injection molding cell for the production of screwdrivers using four components
- Europe-wide supply of OBI DIY stores: on-schedule execution of one of the biggest orders in the company’s history
- Grass Austria: Investments in the Höchst and Götzis production sites allow for process standardization



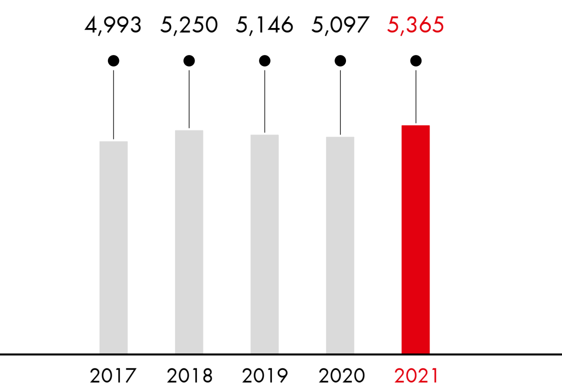
SHARE OF TOTAL SALES



SALES in millions of EUR



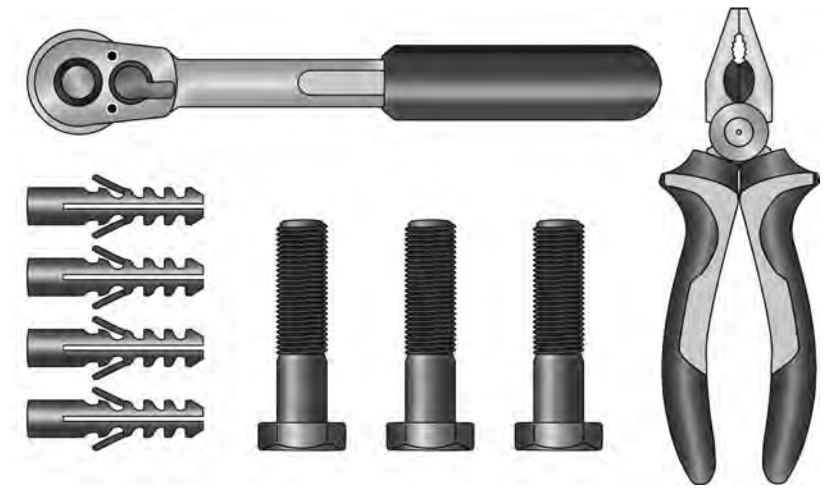
EMPLOYEES



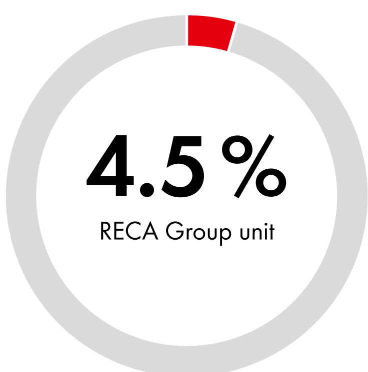
RECA Group

The RECA Group companies supply industry and, through direct selling, construction, wood, metal, and car business customers, as well as customers in the cargo sector, in 19 European countries. The company's portfolio includes tools, assembly and fastening materials, C-parts, workwear, advertising materials, and vehicle equipment.

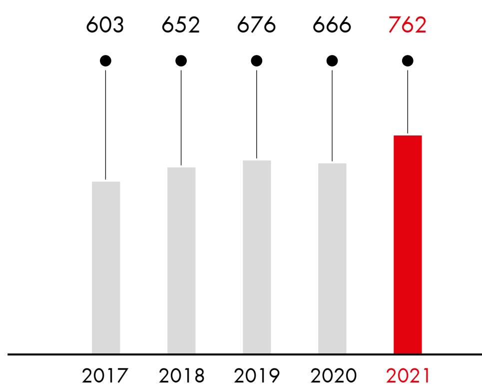
- Significant sales record of EUR 762 million
- Industrial business returns to double-digit sales growth after declining sales in 2020
- Services that help customers reduce procurement costs for small parts proved to be growth drivers during the COVID-19 pandemic, such as KANBAN and RFID-supported storage systems, the SECO® shelf management system (service concept) for trade customers, shelf and vending solutions for the direct retrieval of goods, and automated reordering systems.
- RECA companies are investing in digitalization and the expansion of e-shops, with e-business sales growing by 31.8 percent.



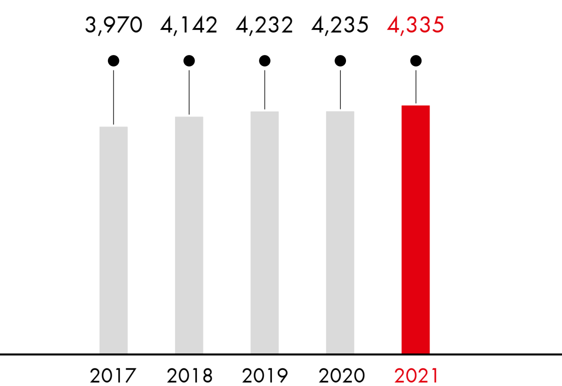
SHARE OF TOTAL SALES



SALES in millions of EUR



EMPLOYEES

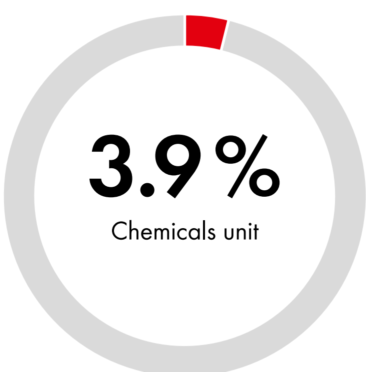


Chemicals

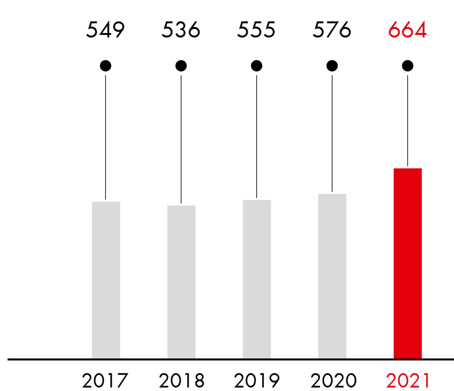
The companies in the Chemicals unit are responsible for the development, manufacturing, and distribution of chemical products for the automotive, industrial, and cosmetics sectors. They distribute both their own brands and private-label products and are renowned as innovation specialists and experts in their niche areas.

- Procurement market created challenges in 2021 due to major supply bottlenecks for solvents, aluminum cans, and specialty chemicals and petrol
- Increased raw material prices dominated the market
- Kisling, Dinol, Tunap: changing focus from direct to project sales
- Kisling: focus on the electronics market—development of potting compounds (casting resin) for electronics applications
- AP Winner China: Production permit valid until 2024 ensures further stabilization of the company
- Very positive outlook for 2022

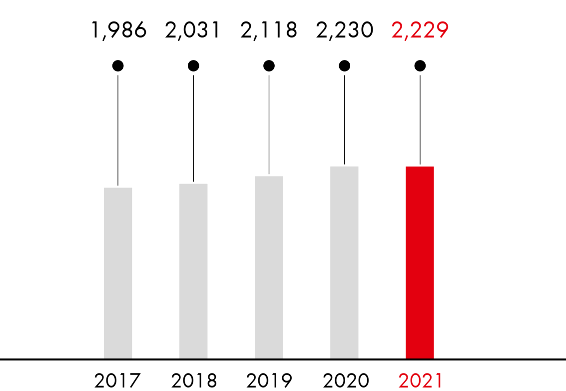
SHARE OF TOTAL SALES



SALES in millions of EUR



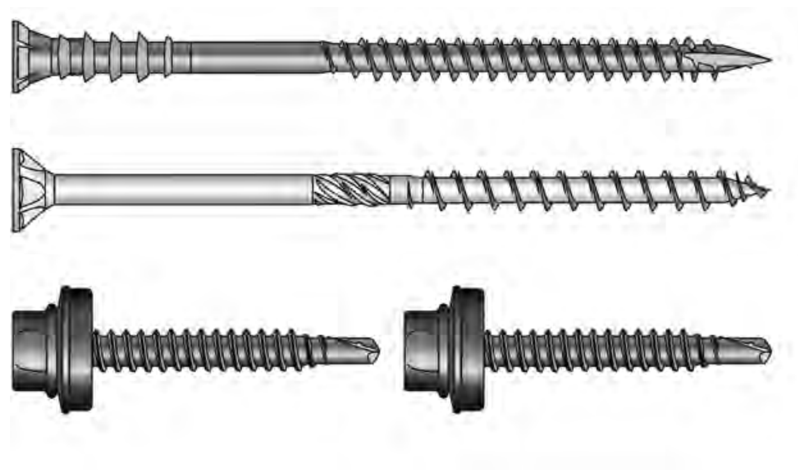
EMPLOYEES



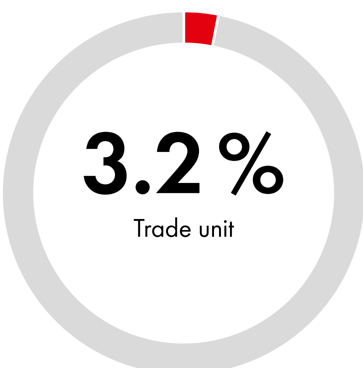
Trade

Companies in this business unit sell installation, sanitary, fastening and assembly materials, garden products, power tools, and hand tools. The range also includes furniture fittings for specialist stores and retailers, as well as products for DIY stores and discount stores.

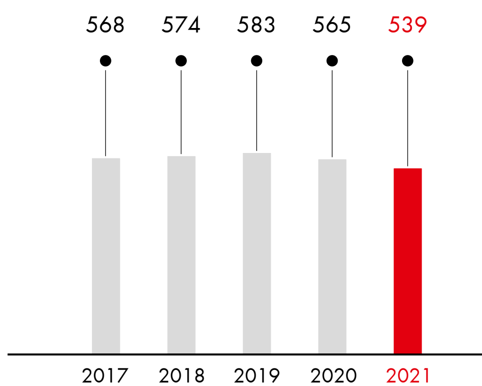
- Pandemic-induced sales slump due to lockdown in early 2021
- After adjustments to reflect the sale of Arvid Nilsson Sverige AB, Sweden, in October 2020, the drop in sales came to 1.5 percent
- Commissioning of a new automated storage and picking system near Masidef in Italy
- Firstever customer placement of the newly developed “Find-it” all-in-one solution shelf: Procurement made easier thanks to option for finding products as part of an electronically controlled process
- Reduced packaging options in the interest of sustainability and stringent compliance with high environmental and safety standards based on customer specifications
- Further investments in IT infrastructure, forward-looking technologies, and electronic shelf labels



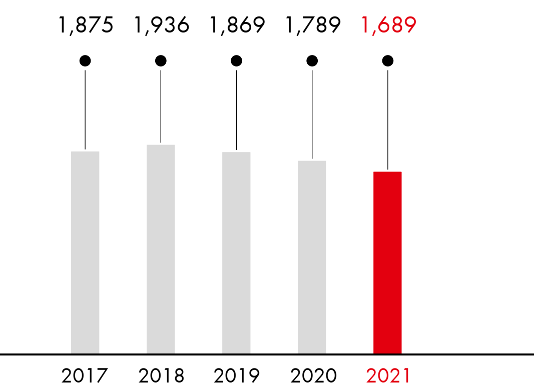
SHARE OF TOTAL SALES



SALES in millions of EUR



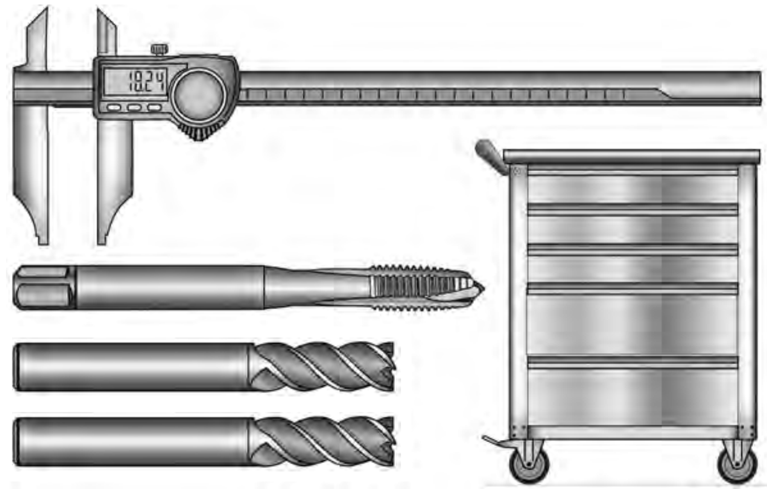
EMPLOYEES



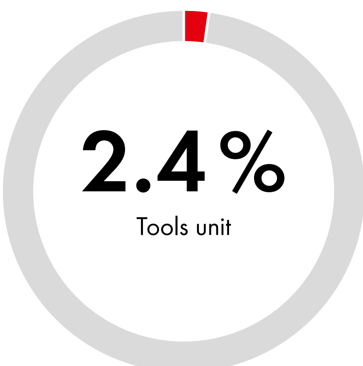
Tools

The tools companies supply customers in the metalworking and metal processing industries, particularly in the mechanical and plant engineering sector, and in the automotive manufacturing and automotive supplier industry. They sell products from the areas of drilling, milling, turning, clamping, grinding, testing and measurement equipment, hand tools, operating equipment, machinery, and personal protective equipment.

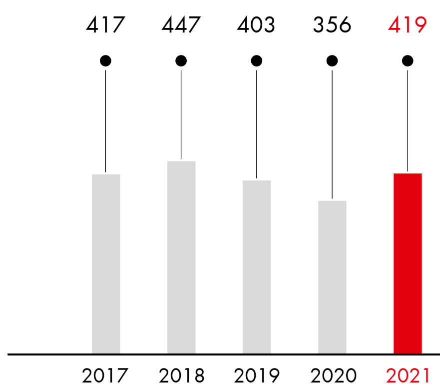
- Significant increase in order intake at companies in the mechanical and plant engineering sector and the automotive industry
- Lack of raw materials and semiconductors caused production backlogs
- E-business share increased by 3.0 percentage points to over 43 percent
- Development of expertise in process optimization for our customers’ machining production
- Continued focus on customer acquisition in the medical, food, transport and logistics, energy and environment, construction, and recreational vehicle sectors
- Expanded range of personal protective equipment products
- HAHN+KOLB: optimization of the logistics process through automatic carton packaging and expansion of the shuttle warehouse



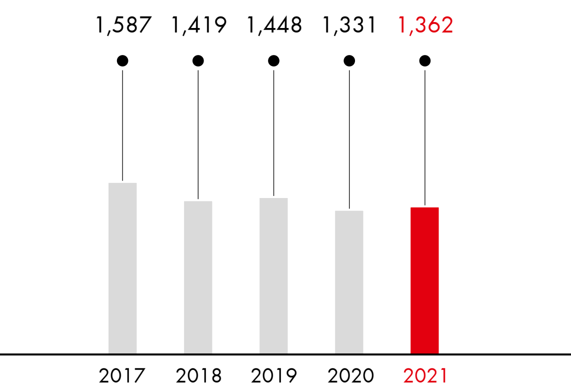
SHARE OF TOTAL SALES



SALES in millions of EUR



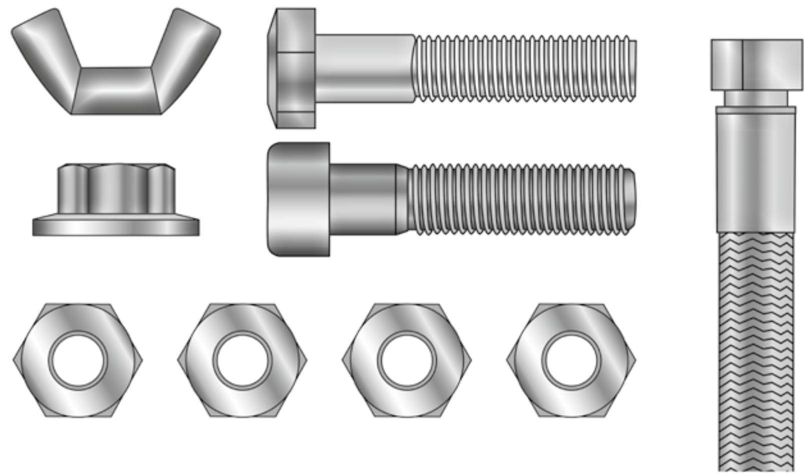
EMPLOYEES



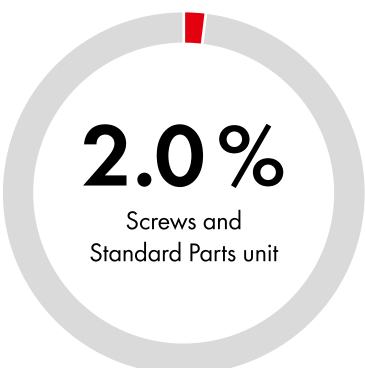
Screws and Standard Parts

The stainless steel companies are product specialists with supply concepts for industry and trade. The unit's main business activity is the sale of stainless connecting elements, in particular DIN and standard parts. The hydraulic companies specialize in trading in hydraulic connection technology and providing the associated services.

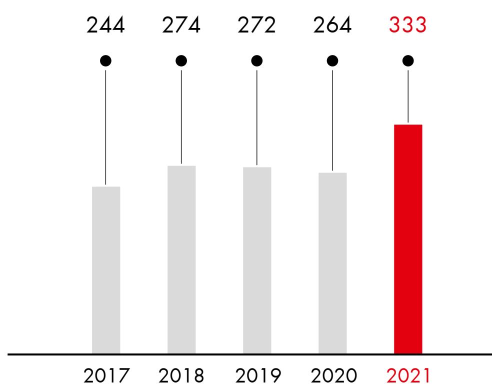
- Marked increase in sales and operating result
- Focus on telemarketing: introduction of telemarketing tool for all stainless steel companies
- Difficulties in goods procurement due to COVID-19 pandemic
- Service sales reported by hydraulics companies bounced back in 2021 and returned to double-digit growth
- Trade also achieved double-digit growth in 2021 despite procurement problems and a marked increase in purchase prices
- HSR: focus on digital services
- Acquisition of CICMP in Austria supplements range of services to include series production of high-quality hydraulic hoses



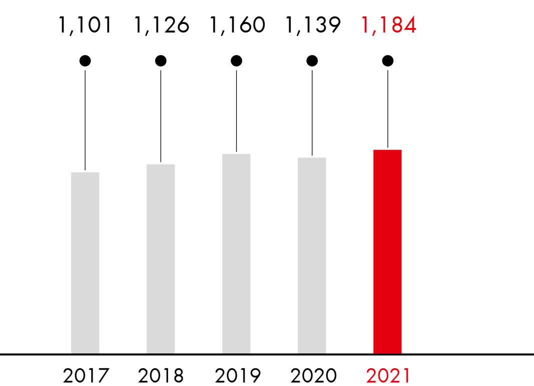
SHARE OF TOTAL SALES



SALES in millions of EUR



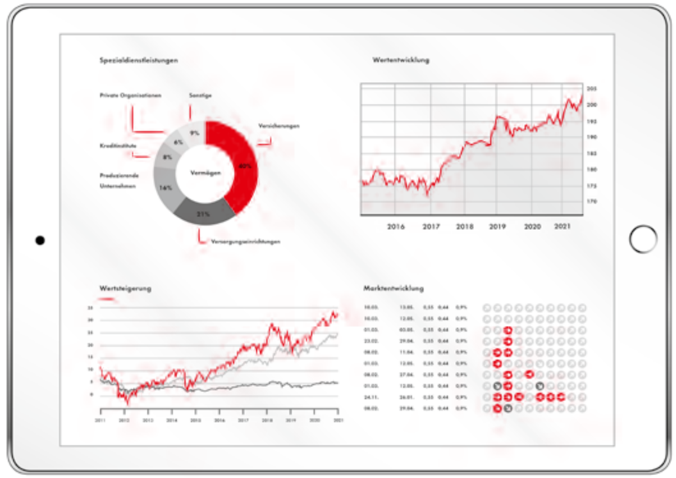
EMPLOYEES



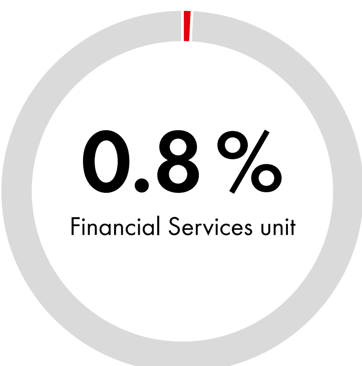
Financial Services

Security is a buzzword at the moment, especially in the financial sector. Thanks to its financial independence, the Würth Group offers this very security in all areas of financial services: financing, leasing, retirement plans, property and personal insurance, and asset management.

- IBB Internationales Bankhaus Bodensee AG: positive development again
- Innovation through technology: IBB expands digital private banking services with the help of a robo-advisor.
- Leasing companies record double-digit growth in new business volume and present value
- New Agrar Lease business unit launched successfully
- Waldenburger Versicherung: short response times thanks to direct customer contact with decision-makers
- Positive growth weakened by various severe weather disasters and associated high claims expenditure
- Further investments in digitalization, sales, and staff ensure future viability
- Navigating the COVID-19 crisis successfully: Würth Financial Services sets new sales record

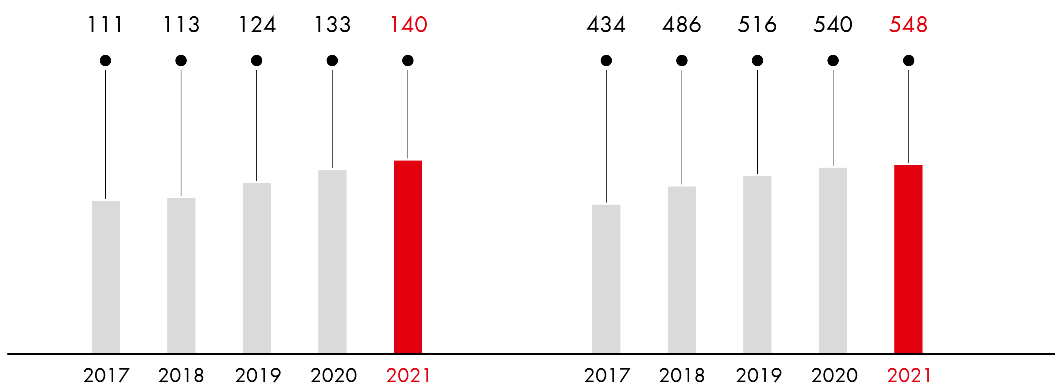


SHARE OF TOTAL SALES



SALES in millions of EUR

EMPLOYEES

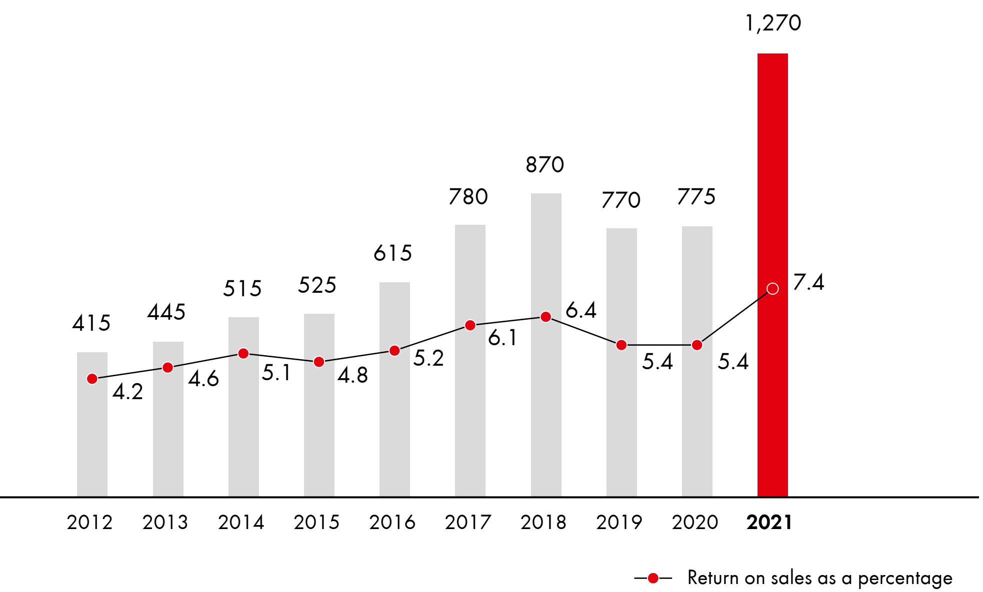


Net assets, financial position, and results of operations

- **Operating result up significantly**
- **Cash flow weaker due to inventory buildup in the second half of the year**
- **Equity ratio improves to 45.2 percent**

In the past fiscal year, the Würth Group increased its operating result significantly to over EUR 1 billion for the first time. At EUR 1,270 million, it is up by 63.9 percent on the previous year (2020: EUR 775 million). Although sales also rose considerably by 18.4 percent, the return on sales improved to 7.4 percent (2020: 5.4 percent). We calculate the operating result as earnings before taxes, before amortization of goodwill, brands and financial assets, before the collection of negative differences recognized in profit or loss, before the adjustment of purchase price liabilities from acquisitions through profit or loss, and before changes recognized in profit or loss of non-controlling interests disclosed as liabilities.

PRE-TAX OPERATING RESULT Würth Group in millions of EUR



The outstanding operating result was due not only to the significant increase in sales but also to the positive productivity trend. What is more, the pandemic meant that the costs incurred for travel, trade fairs, and conferences were minor in 2021. The Group's own production plants in Germany and Europe ensure a certain degree of independence from global supply chains. Nevertheless, global supply bottlenecks also made themselves felt in individual areas of the Würth Group. The chip shortage, for example, had an impact on the companies in the Group that depend on the automotive industry. This development prevented an even more significant increase in earnings at companies trading in tools, within the Würth Elektronik Group, and at individual manufacturing companies.

In Germany, an operating result of EUR 639 million was generated in the fiscal year under review (2020: EUR 376 million). This equates to an increase of 69.9 percent. The very positive earnings performance is reflected in all business areas. The share of the Group's overall result attributable to the German companies rose to 50.3 percent as a result, with the return on sales amounting to 9.2 percent (2020: 6.2 percent). With an operating result in excess of EUR 250 million for the first time, Adolf Würth GmbH & Co. KG made what was by far the biggest contribution to earnings within the Group. Other top performers within Germany include: Würth Elektronik eiSos, Würth Industrie Service, Fega & Schmitt Elektrogroßhandel, Uni Elektro Fachgroßhandel, and Reca Norm.

The companies outside of Germany boosted their operating result by 58.1 percent to EUR 631 million (2020: EUR 399 million). Here, too, the earnings growth is broad-based. Established companies in the Würth Line, Electrical Wholesale, Electronics, as well as stainless steel dealers, for example, showed that the measures taken to cope with the new challenges and the fundamental strategies adopted were once again effective in the second year of the pandemic. From a regional perspective, the operating result achieved in North America did not show satisfactory development. In particular, the procurement and transportation situation faced by industrial companies in the US dealt a blow to earnings. In addition, costs in connection with the consolidation of warehouse locations had a negative impact. While the past few years in the UK were hit by uncertainty surrounding Brexit, 2021 brought positive development in the operating result.

The ratio of cost of materials to sales was up on the previous year at 51.4 percent (2020: 50.4 percent). Material shortages and supply bottlenecks were the main reasons behind this increase. At EUR 96 million, other operating income was down only very slightly on the previous year (2020: EUR 110 million).

At the end of December 2021, the Würth Group had a total of 83,183 employees. This represents an increase of 4,044 employees and is the result of the deliberate decision not to make any structural staff adjustments during the COVID-19 pandemic. Person-to-person contact is the strength of our sales approach also, and particularly in times like the present. The sales force works closely with our in-house support departments. Employees were hired in both areas. The main focus of this recruitment, at +8.0 percent, was on internal staff and on the pick-up shops in particular, followed by colleagues working in logistics. The ratio of personnel expenses to sales was down on the previous year at 25.6 percent (2020: 26.7 percent), with improved productivity being one reason explaining this trend.

At EUR 776 million, amortization, depreciation and impairment losses were on a par with the previous year (2020: EUR 779 million). This reduces the ratio to 4.5 percent (2020: 5.4 percent). Amortization, depreciation and impairment losses include impairment losses on intangible assets, including goodwill, property, plant and equipment, and right-of-use assets amounting to EUR 68.8 million (2020: EUR 84.3 million), which were mainly incurred in the US industrial companies and in the Production unit. Amortization and depreciation were up by 1.8 percent on the previous year.

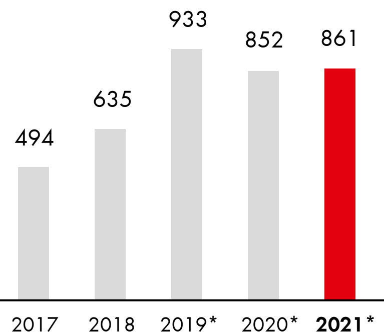
Other operating expenses rose by 12.6 percent compared to the previous year. The ratio was down on the previous year at 11.8 percent (2020: 12.4 percent). In addition to economies of scale related to sales growth, costs for conferences and travel were once again not incurred to the usual extent in 2021 due to the COVID-19 pandemic. Global mobility was still limited.

The tax rate increased in the 2021 fiscal year to 22.4 percent (2020: 19.9 percent). One key reason for this is a one-off tax refund relating to a different period in Germany in the 2020 fiscal year. Tax losses from the current fiscal year, where it was not reasonably certain that they could be used in subsequent periods, were not recognized in either fiscal year. For a detailed analysis, please refer to Section G. Notes on the consolidated income statement, [10] "Income taxes", in the consolidated financial statements.

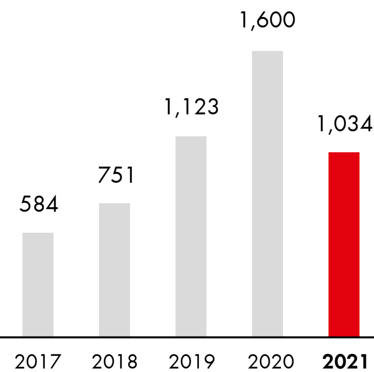
With sales in excess of EUR 17 billion and an operating result that surpassed the EUR 1 billion mark for the first time, the Würth Group set new records in 2021. The COVID-19 pandemic remains ever present. In the second year of the pandemic, the Group once again clearly demonstrated its performance with the diversification of risk resulting from its international positioning, diversification across various business areas, and its multi-channel strategy. The broad positioning of the Würth Group, which has proven to be relatively resistant to crisis, means that it is able to compensate for economic fluctuations in individual submarkets. We also benefited from the systemic importance of the area in which we operate.

Net income for the year increased considerably to EUR 965 million. Our gross profit, that is to say, sales minus the cost of goods sold, came under pressure due to developments on the global procurement markets. The staff turnover indicator deteriorated slightly compared with the previous year, which was to be expected in view of the improved economic conditions in our main core markets. In a long-term comparison over the last 20 years, staff turnover is at an acceptably low level, especially in the sales force. Productivity showed very positive development. All in all, the Central Managing Board is satisfied with developments in the past 2021 fiscal year. The targets set for sales and the operating result were surpassed.

INVESTMENTS Würth Group in millions of EUR



CASH FLOW FROM OPERATING ACTIVITIES Würth Group in millions of EUR



* incl. additions of right-of-use assets

Capital expenditures and cash flow
The year 2021 was extraordinary in many ways. Record figures were achieved in a large number of areas. The last time we achieved sales growth on this scale was in 2000. At that time, the millennium bug was the term on everyone's lips and disaster scenarios were predicted in the run-up to the turn of the millennium in 1999/2000, which fortunately never materialized. In 2021, the coronavirus pandemic dominated large parts of life. As a result, we adopted a commercially cautious approach to capital expenditures despite the many records achieved. At EUR 553 million, capital expenditures excluding right-of-use assets under IFRS 16 were up by 16.9 percent on the level achieved in the previous year (2020: EUR 473 million). Growth is inextricably linked to the self-image of the Würth Group as a matter of principle. Growth by tapping into new markets and growth in existing markets require optimal underlying conditions. One of the ways in which the Würth Group achieves such conditions is through sustainable investment. Over the past ten years, the Group has invested more than EUR 5.0 billion in intangible assets and in property, plant, and equipment. All in all, investments in 2021 focused on the expansion of IT infrastructure and warehouse capacities for our distribution companies, as well as on production buildings and technical equipment and machinery for our manufacturing companies.

One example of the latter is SWG Schraubenwerk Gaisbach GmbH, the main supplier of wood screws for Würth. SWG acquired its largest electroplating service provider, based in Ellwangen, Germany, in 2020. This electroplating company focuses on surface coating screws ranging from 200 mm to 800 mm in length for the fast-growing "structural timber engineering" market. This segment plays an important role in our focus on sustainability. The existing capacity in the surface coating sector was only able to cover 50 percent of demand, and external resources are only available to a very limited extent in this segment. The successful integration of the acquired electroplating company involved developing a concept for the future. The objective is to double the electroplating capacity within the next two years. The structural extension for the innovative and sustainable timber construction activities is being planned by SWG's in-house engineering department. The investment volume is forecast to come to around EUR 17 million.

With sales of EUR 467 million including intra-Group sales in the 2021 fiscal year, 1,829 employees at 19 locations and more than 200 sales partners in 60 countries, GRASS is one of the world's leading specialists for motion systems. GRASS slide and drawer systems, hinge, flap and corner cabinet systems are branded products that move the furniture of renowned furniture brands. Trend-setting product developments are part of the company's self-image. As a result, the past fiscal year saw the company make further investments in its "concealed drawer slide systems" product family, which includes both slides and drawers, to the tune of around EUR 11 million. Extremely narrow frames in particular can be created as a result of the investments. Thus, GRASS is following the trend toward minimalist designs and luxury materials extending even into the interior of the furniture.

In addition to the Allied Companies, the Würth Line companies also made substantial investments in stepping up their sales activities.

Würth Industrie Service GmbH & Co. KG entered into the most comprehensive investment in its company history at its central location for European industrial supplies in Bad Mergentheim. With a workforce of more than 1,700 employees, the company specializes in meeting the C-part requirements of manufacturing industrial customers and provides end-to-end support for more than 20,000 customers. As a system supplier, Würth Industrie Service offers its customers tailored procurement and service concepts. Planning for the further development of the site, with a clear focus on the integration of highly available automated and digitalized systems, began back in 2017 and was finalized in 2021 with operational commissioning and a total investment volume of EUR 165 million. In addition to a new shuttle warehouse featuring 195,000 container storage bins, the existing logistics complex was expanded to include 10,000 square meters of logistics space on a total of four levels. In the first stage, the location houses ten multi-purpose goods-to-person workstations, six robots for picking and palletizing, and a handling area for system-based goods receiving and shipping.

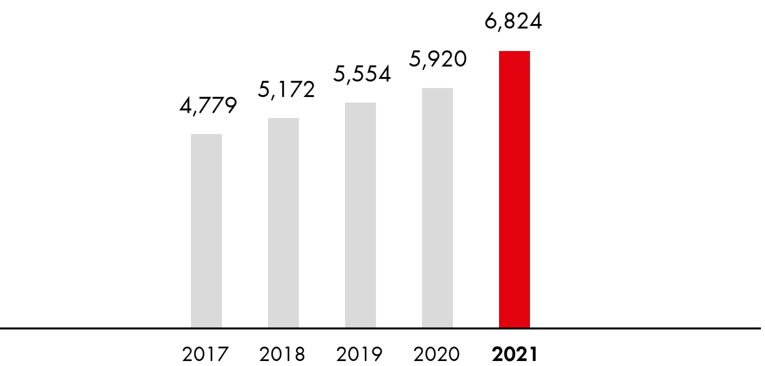
The successful growth of the Würth company in Croatia created a need for the company to build its own administrative and warehouse building. In Veliko Trgovišće, a suburb of Zagreb, new premises have been under construction since August 2020 and will be ready for occupancy in the first quarter of 2022. The new logistics building, which spans an area of 6,500 square meters, brings together several warehouses in a central location, significantly simplifying the complexity of logistics processes and improving customer service. The new office building, with an area of around 5,000 square meters, offers employees modern workstations with ample daylight, a company restaurant, and appropriately equipped premises that provide optimum support for creative and collaborative work. The total amount invested in the new buildings will come to around EUR 15 million.

In addition to investments in production and storage space, we have also, as in previous years, invested in our ORSY® storage management system, which offers our customers storage and provision options for various consumables and supplies in line with their needs.

A total of 45.8 percent of the total investments were made in Germany (EUR 253 million). This reflects how important the domestic market continues to be for the Würth Group.

The investment controlling system, which has been further refined in recent years to feature sophisticated recording and detailed evaluation options, allows the Central Managing Board to respond to any changes that emerge at very short notice and to adapt to new underlying conditions at any time of the year. The regulation adopted in the course of the COVID-19 crisis in 2020 limiting

EQUITY Würth Group in millions of EUR



approvals for investment amounts was lifted again in the course of 2021 once it became apparent that the Würth Group's stability and liquidity were sufficiently secured. In 2021, the Würth Group once again remained true to its approach of financing investments in intangible assets and property, plant and equipment entirely from its operating cash flow. Our cash flow from operating activities came in at EUR 1,034 million (2020: EUR 1,600 million). This represents a decrease of 35.4 percent year-on-year, which is mainly due to an increase in inventories in the second half of 2021 despite the increased result. This, in turn, bears testimony to the company's prudent management of resources: The tense shipping container capacity situation prompted the company to build up safety stocks in order to ensure that it could continue fulfilling orders. The increase in trade receivables also contributed to the decrease.

Purchasing

The ongoing raw material shortages in 2021 put the brakes on global production. This was also reflected in the purchasing managers' indices for Europe and Germany. At the end of December 2021, the indices stood at 58.0 points for the eurozone and 57.4 points for Germany. This means that the purchasing managers' index for Germany fell considerably in December 2021 for the fifth month in a row, and in Europe for the sixth month in a row. These values were more than eight points below the July 2021 value (65.9) in Germany and more than five points below the June 2021 value (63.4) in the eurozone. Nevertheless, the purchasing managers' indices remained above the 50-point expansion threshold. This suggests that leading buyers in this economic area expect to see positive market developments. In China, the value rose to 50.9 points in December 2021. In the US, unlike in Europe and Germany, it climbed to 61.1 points between July and November 2021. In December 2021, however, the US value also fell to 58.7 points, marking a low point for this economic region in 2021.

The situation for the Würth Group's buyers in 2021 was a very challenging one. The COVID-19 pandemic and the lockdowns imposed in response to the pandemic in a large number of countries meant that many of Würth's suppliers had to stop production in some cases, resulting in massive delivery delays, capacity bottlenecks in production and, as a result, considerable price increases and availability problems for end products. On top of this, China developed ambitious CO_2 reduction targets. In September 2021, for example, the Development and Reform Commission of China's Yulin county in Shaanxi province announced that energy consumption would have to be reduced. Magnesium producers and suppliers from the chemical-technical sector in particular have been left grappling with the consequences of this measure. They have had to drastically reduce or even completely stop their production. This not only pushed the prices for these products up; massive supply shortages are also anticipated on the horizon.

Furthermore, almost all commodity indices rose to exorbitant levels. This means that the Würth Group is still faced with significantly higher purchase prices in many product groups and that many companies are being hit by delivery problems on a huge scale. Central Purchasing liaises with the price management team on a daily basis in order to be able to reflect these price increases in the company's sales prices. In addition to rising costs, particularly for raw materials, the biggest challenges at the moment relate to disrupted supply chains, which are leading to freight bottlenecks and supplier failures.

The euro/dollar exchange rate was also heavily influenced by the pandemic in 2021. Whereas the dollar was still trading at USD 1.226 per EUR at the beginning of 2021, the companies in the Würth Group had to contend with a drop in the exchange rate to USD 1.132 per EUR for their imports at the end of the year.

The situation on the global procurement market remains chaotic. For example, the market outlook for sea freight shows that further port or terminal closures and quarantine restrictions are very likely. These will cause additional delays and have a negative impact on the freight market. Another challenge for 2022 will lie in the drastic price increases witnessed in 2021 as a whole, as well as further calls for price increases from the Würth Group's upstream suppliers, which will put considerable pressure on gross profit.

Inventories and receivables

As a company with international operations, the Würth Group's inventories and receivables are key balance sheet items that the company's management is continually seeking to manage and optimize. The mounting difficulties in procuring goods played a major role in inventory management in the past fiscal year. On the one hand, the procurement process was affected by the sharp rise in freight prices and, on the other, we had to contend with supply bottlenecks in a number of areas, including silicones and solar substructures. It was foreseeable at the very beginning of 2021 that delivery capability would be a decisive success factor. In order to ensure continuous supplies to our customers, we took the conscious decision to increase inventories by purchasing safety stocks. Despite enormous efforts, the service level decreased somewhat over the course of the year and stood at 94.2 percent in December 2021, meaning that, for every 100 items ordered, 94 were delivered to the customer the next day. Irrespective of this development, stepping up our inventory control measures was a key focal point of 2021, and the Würth Line's Central Purchasing department pushed ahead with projects to streamline the range of products on offer in cooperation with Product Management. The permanent objective is to eliminate products with very low demand.

In retrospect, it became clear that increasing inventories was exactly the right precautionary measure, because alongside sales, logistics is a central element within the Würth Group. Without the targeted measures to build up inventories, it would never have been possible to achieve the above-average sales growth of 18.4 percent. All in all, the Würth Group's inventories increased to EUR 3,064 million (2020: EUR 2,222 million), up by 37.9 percent on the previous year. Stock turnover, calculated on a 12-month basis, nevertheless increased from 4.6 times at the end of 2020 to 4.9 times at the end of 2021.

Lockdowns, border closures, the blockade at the Suez Canal, and the associated supply chain interruption and shutdown of entire production plants all played a role in the 2021 fiscal year, accompanied by fears of an increasing number of corporate insolvencies. Massive bad debt losses, or at least delayed payments, were to be expected, and our focus was on closely monitoring the development of receivables. In this situation, too, the Würth Group was able to rely on its established sophisticated controlling systems, which allow the Group to take fast action in response to any undesirable developments that may emerge. Thanks to extremely efficient interaction between sales and receivables management, the Group succeeded in keeping the increase in trade receivables by 22.4 percent to EUR 2,376 million at a manageable level (2020: EUR 1,942 million). This increase can be traced back primarily to the very positive sales performance in the fourth quarter. The level of receivables in relation to sales, however, showed positive development. At 52.5 days, the collection days key figure (based on a 12-month calculation) was lower than the figure for 2020 (53.0 days). An excellent result was achieved in Germany, in particular, with 40.2 days (2020: 40.0 days).

We will continue to optimize accounts receivable by means of effective cooperation between sales and accounts receivable management, as well as by refining our analyses. We see the payment patterns of debtors as critical in Southern Europe, China, the Middle East, and India, as they can slow growth.

The percentage of bad debts and the expenses from additions to value adjustments related to sales fell slightly to 0.4 percent (2020: 0.6 percent).

Financing

The Würth Group's equity increased to EUR 6,824 million last year (2020: EUR 5,920 million). This equates to an increase of 15.3 percent. This increase of EUR 904 million lifted the equity ratio to 45.2 percent (2020: 43.8 percent), putting it at a very good level for a trading company. For years, a good level of equity capitalization has been the basis for consistently high levels of financial stability and the solid financing of our group of companies, strengthening customers' and suppliers' trust in the Würth Group. This is due to the typical family business approach of reinvesting a large portion of profits in the company. The high level of equity financing allows the company to be largely independent of external capital providers, which is a must particularly in times of crisis.

Total assets rose by EUR 1,636 million to EUR 15,114 million (2020: EUR 13,478 million). The increase of 12.1 percent is due primarily to the increase in inventories and receivables. Financial service activities also contributed to the growth in total assets. Refinancing in the banking sector was mainly achieved via customer deposits and financial intermediaries, as well as via the European Central Bank, while refinancing in the leasing segment was achieved mainly through the ABCP (Asset Backed Commercial Paper) program created especially for this purpose, a global loan program launched by the German state-owned development bank KfW, as well as through non-recourse financing and internal funds.

The Würth Group has undergone an annual rating process for more than 25 years now. The leading rating agency Standard & Poor's once again confirmed the Würth Group's "A/outlook stable" rating in June 2021. This rating reflects the confidence that business and the financial KPIs will continue to develop successfully, even in the environment created by the pandemic. The outlook for the Würth Group is viewed in a positive light. Our long history of good ratings not only documents the positive credit rating. At the same time, it is proof of the continuous and successful development of our corporate group and the stability of our business model.

At the end of the 2021 fiscal year, the Würth Group had three bonds issued on the capital market. The USD 200 million private placement, which bears interest at a rate of 4.48 percent, was redeemed on 22 September 2021, and the 1 percent bond due in May 2022 was redeemed early using the company's own funds on 21 February 2022. Further bonds of EUR 500 million and EUR 750 million will mature in 2025 and 2027 respectively. This means that the maturities are well spread out. For further details, please refer to [27] "Financial liabilities" in Section H. Notes on the consolidated statement of financial position, in the consolidated financial statements.

The Würth Group has sufficient liquidity reserves. As of 31 December 2021, cash and cash equivalents came to EUR 1,217 million (2020: EUR 1,386 million). Net debt fell to EUR 567 million as against EUR 601 million in 2020. In addition, the Group has a fixed undrawn credit line of EUR 400 million provided by a syndicate of banks until July 2023. As a result, the Würth Group continues to have extremely generous financial resources at its disposal, giving it the leeway it needs to act.

Research and development

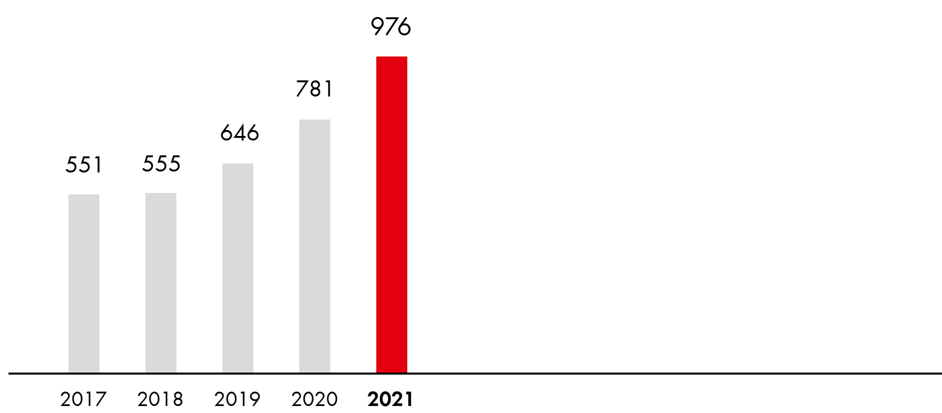
As a company with global operations, the success factors of the Würth Group are, first of all, a strong sales force and state-of-the-art logistics facilities. Second, the company's competitive edge is driven by product innovations and services geared toward these innovations. In the 2021 fiscal year, for example, Adolf Würth GmbH & Co. KG generated more than one fifth of its sales with products that are no more than three years old.

For more than 30 years now, Würth has been investing in research and development with the aim of further expanding its expertise as a leading manufacturer of fastening technology for professional applications. At Würth, innovations are born out of the daily challenges faced by our customers. It is not just about making individual products available, but about providing comprehensive service and systems that offer real added value. Würth sees itself as a consultant and problem solver that allows its customers to devote their full attention to their work.

In order to achieve this aim, Würth is bringing together employees from product development and science, as well as users from industry and trade, in the new innovation center on the Gaisbach campus. Starting in the third quarter of 2022, a total area of 15,000 square meters will be home to around 250 employees from the product development and materials testing departments of Adolf Würth GmbH & Co. KG and from Group subsidiaries operating in the manufacturing sector, as well as external researchers, for work on product and system innovations. Cooperation with scientists from the Karlsruhe Institute of Technology KIT, as well as the University of Stuttgart and Reinhold-Würth-Hochschule of Heilbronn University of Applied Sciences on the Künzelsau campus, will create a cluster of specialized knowledge and application expertise.

Würth aims to shorten innovation cycles and establish highly competitive systems with added value on the market. The focus of the company's research and development work is on Würth's fields of expertise: connection technology, screws, anchors, chemicals, power tools, and systems.

ACTIVE PATENTS of the Würth Group



In these endeavors, the company's R&D staff already rely on state-of-the-art technology and their own certified fastening technology laboratory. The relevant environmental concerns are cross-checked in climate chambers. Thanks to the additional large-scale climate chambers installed in the new innovation center, it will be possible to test elements of relevant components even faster in the future.

The innovation center will also expand the IoT laboratory for digitally networked products. The existing PowerTools laboratory will be expanded as well. Power tools, which are adapted to suit Würth's tools and our customers' applications, allow our customers to be more productive.

Innovations are a top priority throughout the Group. At present, the Group has 976 active patents, three utility models, 1,161 registered designs, and 8,009 active brands. The following are two forward-looking products that serve as examples of the wide range of innovations from the Würth Group:

Würth Line: Adolf Würth GmbH & Co. KG

M-CUBE® cordless power tools allow for maximum performance and freedom at work

Würth has been developing its in-house M-CUBE® cordless platform since 2018, with developments also taking account of customer experience. Würth's M-CUBE® cordless power tools offer maximum freedom at work and are used with a uniform battery and charger.

The battery packs are available in 12 volt and 18 volt voltage categories. The outer rubber coating of the battery pack provides a safe and non-slip stand, as well as shock resistance for professional use. Special battery management ensures maximum performance and a long service life. The integrated cell frame offers the cells a firm fit and protects the battery against overheating and vibrations. An LED battery indicator shows the remaining battery level.

Würth will be expanding its research and development over the next few years in order to be competitive in the areas of cordless and charging technologies, as well as IoT, in addition to the power tools segment. The aim is to cover all relevant applications and customer requirements using Würth's in-house M-CUBE® cordless platform and to offer a comprehensive platform solution with extensive service packages.

Allied Companies: Würth Elektronik CBT

Quantum magnetometer for more precision technology

Something that comes easy to migratory birds is considered a crucial capability for the industry of the future: The animals navigate their flight routes with extreme precision using their magnetic sense. As research suggests, their internal compass is based on subtle quantum effects in the eye on a tiny molecule on the retina.

The use of futuristic technology to measure magnetic fields is currently one of Würth Elektronik's research topics—in its capacity as a development partner in the joint "Quamapolis" project launched by the Federal Ministry of Education and Research (BMBF). The project coordinator is Robert Bosch GmbH. Other participants include Q.ant GmbH and the Universities of Stuttgart and Ulm.

The focus is on quantum-based measuring systems that are expected to outperform conventional sensors. Within the electronics industry, localization with this level of accuracy opens up new opportunities, for example, for positioning and localization in smart systems, for the further automation of processes in the context of Industry 4.0, for smart homes, and for robotics applications in the healthcare and smart agriculture sectors. In the household sector, applications include parking assistance in cars or in automatic lawnmowers, for example.

The common goal pursued by industry and science for the project is to invent a novel sensor technology based on quantum effects that is ready for production. Würth Elektronik CBT is supporting the integration of the microoptical quantum sensor modules into the printed circuit board, as well as the development and provision of smart concepts to dissipate the heat generated from the system.

Risk and opportunities report

As a globally active company, the Würth Group is constantly exposed to risks, but also makes systematic use of opportunities that present themselves. Opportunities and risks can arise both as a result of our own actions or failure to act and as a result of external factors. The risk and opportunities policy of the Würth Group is aimed at meeting the company's medium-term financial objectives and at ensuring the sustainable, long-term growth of the Group. In order to ensure this, the Würth Group has a system that identifies entrepreneurial opportunities and risks, assesses them using a standardized system, weighs them against each other, and communicates them. Our conscious and systematic approach to addressing opportunities and risks is inextricably linked to our entrepreneurial activities.

How the risk management system works
The Würth Group has a three-tier risk management system (RMS), comprising the cyclical monitoring system of the Auditing Department, the Group Controlling Department, and the early warning system. The Central Managing Board of the Würth Group holds overall responsibility for the Group-wide risk management process and defines the principles of our risk policy and strategy. The management of each company within the Group is responsible for installing a functioning and efficient RMS for themselves. They are supported by the risk manager, who reports directly to the Central Managing Board of the Würth Group and coordinates the risk management process at the Group level. The risk manager remains in close contact with the risk controller of the Advisory Board, who reports directly to the Chairwoman of the Advisory Board.

How the internal control system for financial reporting works
The aim of the internal control system for financial reporting is to ensure that all business transactions are completely recorded and correctly evaluated in line with the financial reporting requirements.

The Würth Information System is an integral component of the internal control and risk management system of the Würth Group. With the help of this reporting system, 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 Managing Board and Executive Board, based on standardized monthly reporting.

RISK DEVELOPMENT Würth Group 1 January 2021–31 December 2021

Economic environment	IT structures	Productivity	Human resources	Compliance	Business model
↑	↗	→	→	→	↘

↑ marked increase ↗ slight increase → unchanged ↘ slight decrease

System-based control mechanisms such as validation and cross-checks optimize the quality of the information as a basis for decision-making. A Group-wide record of the financial statements of the Group entities, combined with monthly reporting, is not only efficient, it also avoids carry-over errors, safeguards the uniform provision of information, and includes numerous plausibility checks, without which the information cannot be forwarded. Standardized external and internal reporting also helps to ensure that financial reporting changes are implemented in a uniform manner across the Group. Changes to the data recorded are documented using check digits and authorized by a corresponding 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 Group companies are subject to regular automated assessment mechanisms, as are the consolidated financial statements. Moreover, Würth's Policy and Procedure Manual (PAP) contains internal procedural instructions. Internal publications and training include detailed rules on financial reporting, compliance with which is regularly reviewed by the Auditing Department. External specialists are consulted to clarify the implications of legal and tax issues on accounting. External actuaries calculate pension obligations and similar obligations. Regular training courses for those in charge of finance departments, which were offered online in the year under review, 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.

The opportunity and risk management process is updated within the Würth Group on an ongoing basis and adapted to changes in the Group or in its economic and legal environment. In addition, at the request of the Advisory Board's Audit Committee, an analysis of the risk management system was carried out by an auditing firm at the beginning of the 2021 fiscal year. The focus was on determining the status quo, analyzing the degree of maturity, and performing a comparison with third-party companies. In addition to the recommendations, which we will be investigating in close consultation with the Central Managing Board and the Audit Committee, the results of the analysis basically confirm the approach to risk management we have adopted to date. In the 2021 fiscal year, the establishment of the IT-based risk reporting system was continued at further Group companies and the Executive Board and heads of the Group's administrative departments were actively involved in the risk management process.

Risks

The Central Managing Board identifies, analyzes, and assesses the Group's risks at a dedicated annual workshop. This workshop determines focus risks that could pose a threat to the net assets, financial position, and results of operations of individual entities or the Würth Group as a whole in the short, medium, or long term. Furthermore, with the support of the risk manager, all major Group entities carried out a risk inventory and recorded and assessed focus risks and other risks in the reporting system. The processes already in place were enhanced in 2021, undergoing improvements and adjustments in line with changing internal and external requirements.

Major risks that can be insured on an economically reasonable scale are covered by Group insurance programs for all Group entities whenever possible. In the area of credit insurance, further local insurance policies taken out by individual Würth companies were incorporated into existing master agreements with various credit insurers. This allowed us to expand and standardize our insurance coverage and achieve economies of scale. In 2021, the credit insurance master policies were extended ahead of schedule until 1 January 2025, and the conditions were secured for a further three years. In addition, receivables from customers are monitored by an extensive receivable management system, also at the Group level. Individual financial service providers are associated with a heightened risk of default due to the nature of the business model. We counter this risk through a strict credit verification procedure and appropriate insurance for our investments. Collection days continued to decline at a low level in 2021 for the second year running. This highlights that our risk in this area is currently relatively low and that the existing processes and systems are effective. We believe that other risks in Germany lie in the applicable insolvency challenge rights, which grant insolvency administrators extensive opportunities for reimbursement if we have supported our customers with generous payment terms in the past. While this risk has been reduced in the short term by the temporary suspension of the obligation to file for insolvency due to the COVID-19 pandemic, we expect corporate insolvencies and, as a result, also insolvency appeals, to increase again in 2022. We have an insurance policy in place to cover such reimbursement claims so as to protect all German companies against unforeseeable risks in this area. Overall insurance coverage is managed centrally.

The Central Managing Board has identified potential risks that could have a negative impact on the net assets, financial position, and results of operations of the company in the following risk areas, sorted by descending order of relevance:

Economic environment
Through our global purchasing and sales activities, we have a high natural diversification of risk and, as a result, are less sensitive to negative economic developments in individual countries, even though more than 80 percent of our sales are generated in Europe. In addition, the diversification in our business units makes us independent of specific industries and markets, which was confirmed in particular during the various phases of the COVID-19 pandemic. Due to the large proportion of sales generated in Europe, we are heavily affected by economic fluctuations in the eurozone. The Würth Group sources around 25 percent of its goods from the Far East. The supply chain problems coupled with a drastic increase in container freight rates have had a significant impact on the business development of the Würth Group. Inventories were built up throughout the year to ensure our delivery capability.

In addition to the risks associated with the ongoing COVID-19 pandemic, we believe that risks lie in political developments in Eastern European markets and in Turkey, as well as in the trade barriers between China, the US, and Europe. We believe that—despite all of the associated economic and social challenges—immigration to Europe still presents opportunities for the labor market and on the demand side for our customers and, as a result, for the Würth Group. We are observing the rise of right-wing populism and the ongoing debate surrounding the proportionality of the measures to combat the COVID-19 pandemic with just as much concern as the development of risks on the procurement markets. We do not, however, currently see this as a direct threat to our business targets for 2022.

Most of the financial risks of the Würth Group are measured, monitored, and controlled centrally by Würth Finance International B.V. With liquid assets of EUR 1,217 million and a committed, unused credit line of EUR 400 million running until July 2023, the Würth Group has sufficient liquidity reserves to meet its payment obligations at all times. Thanks to its "A" rating from Standard & Poor's, the Würth Group has very good access to the public and private capital markets to procure further financial resources. Any risks arising from derivative financial instruments are accounted for. At the time this management report was prepared, there was no indication of any specific counterparty risks, which are automatically monitored on a daily basis. A Credit Support Annex (CSA) is in place with the main counterparties to derivatives, thus further reducing counterparty risk. Cluster risks are avoided by means of internal deposit limits for individual banks. For a description of derivatives and associated risks, please refer to the notes on the consolidated financial statements under I. Other notes, [4] "Financial instruments."

IT structures
As a company with a decentralized structure, the Würth Group had previously used various different IT systems, software components, platforms, and process control systems. This structure, which allows for a high degree of flexibility at the local level, increasingly emerged as a disadvantage in light of changing business models, digitalization, disruption, and the ever growing requirements as far as cyber security is concerned. In line with our corporate philosophy, which allows for a significantly higher degree of centralization in IT, the Würth Group's IT organization, which is represented by the IT companies, has established a global ecosystem featuring platform-based IT solutions to suit the various business models within the Würth Group.

IT standardization
The central management of the IT companies with what is now a standardized product portfolio in the form of the IT ecosystem allows us to reflect the international multiplication strategy in our IT systems, too. Further standardization is achieved in line with a roll-out plan that sets out the launch dates at the individual companies, with numerous roll-out teams working on the introduction of the components in question in parallel to ensure a broad multiplication platform for the individual applications, processes, and functions.

The roll-outs will make existing processes more uniform, more efficient, more transparent, and faster. This will allow the individual companies to respond to the rising demand for individual ordering and delivery services among our customers, with the option of making the components available to other companies, too. Efficiency gains can still be achieved as the standardization of the IT structures through central development will result in economies of scale. Harmonization of the system environment and support by experts provide the IT ecosystem with significantly better protection against attacks.

The Würth Group's IT service has proven its ability to perform in line with high standards. The uniform system platforms will allow further developments to be made available to all companies working on the platform in question within a very short period of time.

IT security
The number of cyber attacks has steadily increased worldwide in recent years. The Würth Group also saw an increase in attempted attacks in 2021. Risks arising from global integration are minimized by applying high security standards to make sure that the company has the best level of protection possible. Despite these efforts, cyber attacks have inflicted damage on a small financial scale at individual companies in the Würth Group. Thanks to our internal expertise in the area of incident response, we were able to quickly return the affected companies to full normal operations as soon as possible after the incidents concerned. The topic of IT security is a top priority within the Würth Group, right up to the top management level, and lessons learned from the incidents are incorporated directly into the security policies. IT system standards are reviewed by means of IT checks at the Group entities in accordance with a plan coordinated with the Group Auditing Department. This allows us to analyze and reduce the potential threat that cyber risks pose on a regular basis. We combat the resulting risks by taking organizational and technical measures and also by transferring risks that can be insured to external risk carriers, such as insurers. All measures relating to data security and IT risks are supported and implemented by our IT security officers in the national companies. They work in line with an IT Compliance Code of Conduct. The IT Compliance Officer of the Würth Group, together with his team and the IT security officers, ensures that the IT Compliance Code of Conduct is further developed and applied. The network of IT security officers in the companies is used to take measures to ward off security risks quickly at the level of the Group companies and implement those measures with regard to the continuous improvement of IT security. In companies where the IT systems have already been centralized, it is also possible to implement far-reaching and multi-level security procedures. At a physical level, these relate to our own data centers, and at the logistical level, they relate to various system and program components.

Raising employee awareness for information security risks is a top priority. Various media such as e-learning sessions, poster campaigns, information letters, and specialist presentations are used to show employees the behaviors and habits that reduce IT security risks. Targeted simulated attacks on individual companies and on particularly vulnerable functions are used, for example, in the form of phishing attacks, to test the success of the measures and adjust them if necessary.

Productivity
Every year, the Würth Group invests an amount running into the mid triple-digit million range to secure its planned sales growth and further expand its market shares in individual regions and market areas. As a result, any deviations from the planned route require a timely response, with targeted measures to counteract such developments. These measures include management using key productivity figures, the in-depth analysis of loss-making companies, a detailed, multi-stage investment controlling process, scenario calculations, and a firm focus on

achieving the targeted operating results. As a general rule, we take care to ensure that sales and gross profit grow faster than personnel expenses, in line with one of the Würth Group's fundamental principles: "Growth without profit is fatal."

Human resources

Staff turnover, particularly among our sales force employees, remains a key focus. This is documented and analyzed across all hierarchy levels for every entity within the Würth Group. Regular employee surveys conducted by independent institutions and the monthly monitoring of staff turnover are key tools that allow us to identify unfavorable developments, analyze their impact on recruitment processes, customer loyalty, and training programs, and combat these effects using targeted measures. The overall staff turnover rate of the Würth Group remains at a very encouraging low level at below the 15-percent mark. We aim to ensure that this remains the case in the future. The COVID-19 pandemic has also changed the working world at Würth for good. Mobile working, in particular, has shown that employees do not have to be physically present in the office to work effectively. The "New Work" approach illustrates ways of structuring work in the Würth Group for the future, and how time at home and in the office can be combined effectively. As part of this development, the Würth employer brand is strengthened by the fact that our employees enjoy working together, regardless of where they work.

The lack of specialist employees to work as members of the in-house staff or the sales force is another challenge for HR management. For many companies, it is becoming increasingly difficult to find skilled trainees. This prompted us to further expand the activities of Würth Business Academy for the in-house staff and the sales force when it comes to training management employees and new management talent. Up-and-coming management talents partake in development courses to prepare them for various levels of management within the Würth Group via the Würth Potential, High Potential, and Top Potential training programs. These programs give employees targeted training that is tailored to suit their own individual ambitions and skills in order to prepare them for further management duties within the Group.

In order to ensure that the process involved in providing all central functions of the Würth Group with up-and-coming management talent is structured and targeted, two processes are in place at larger companies: The Management Assessment Process (MAP) is the qualitative tool used for the objective and standardized evaluation of executives. The talent management system is used to identify whether there is a sufficient number of qualified successors for functions that are relevant to the success of the Würth Group companies and, if not, by when these successors need to be available. Up-and-coming management talent is included in this system as well in order to ensure a structured and transparent development process. There is also a succession and contingency plan in place for managing directors, which ensures that succession arrangements that can be planned are made in good time.

In order to meet the increased requirements within HR, the Global HR Group function has been tasked with bundling and organizing the strategically relevant human resources issues at the Group level since January 2021. Within this context, the Würth Business Academy will now focus exclusively on the core topic of management development.

The international technical and management seminars will gradually be transferred to Akademie Würth, which will ensure that the necessary technical and management knowledge is available throughout the Würth Group in the future. The seminars include, for example, training measures in the areas of product management, purchasing, and logistics or financial topics. Since 2017, the Learning Campus has been a platform for digital learning on which all employees can complete e-learning courses. Together with the specialist departments, targeted activities are under way to digitize knowledge about global standards so as to make it available across the globe.

The third pillar of Global HR, HR Services and Processes, is currently in the process of being established. This includes the topic of global mobility in order to provide professional support to employees and managers on international assignments and also to support the optimal filling of key positions via this service function. A second area is addressing the establishment of a uniform IT infrastructure for the HR function that provides the Würth Group companies with the best possible support for their HR processes and makes state-of-the-art tools available to applicants, employees, and managers alike.

Würth Business Academy North America (in Chicago) was established back in October 2017 in order to provide the decentralized local companies with even better support with regard to HR development and talent management. Since January 2020, Würth Business Academy Asia-Pacific (in Shanghai) has been supporting talent development in the Asia-Pacific region.

Compliance risks

National and international transactions involving goods, services, payments, capital, technology, software, and other types of intellectual property are subject to numerous regulations and limitations that also have to be observed by the companies in the Würth Group. There is no question that we aim to comply with all statutory and official regulations for our business, both nationally and internationally. This applies when dealing with our customers and suppliers, employees, competitors, other business partners, and public authorities. Due to increasing legal complexity, we have in-house experts and consult renowned external consultants on a case-by-case basis. Particularly in China and emerging markets such as Brazil, complex, inconsistent, and constantly changing legal principles pose a challenge and also create risks that are difficult to assess and will persist in the long term due to the possibility of retroactive effects.

Value-oriented corporate culture

Mutual trust, predictability, honesty, and straightforwardness both internally and externally are fundamental principles that are deeply ingrained in Würth's corporate culture. Our commitment to these values can be found as far back as the corporate philosophy penned by Prof. Dr. h. c. mult. Reinhold Würth back in the 1970s. This does not just entail adhering to all applicable laws and in-house regulations, but also means ensuring that employees maintain the proper mindset, which forms a key component of the sustainable corporate success of the Würth Group. Extensive internal guidelines known as the "PAP" (Policy and Procedure Manual) operationalize these fundamental principles in the form of descriptions of the structure and process organization, in addition to setting out specific rules and codes of conduct.

Compliance organization

With regard to the mounting requirements that compliance organizations have to meet at both the national and international level, the Central Managing Board made the decision in 2015, with the consent of the Advisory Board and the Supervisory Board of the Würth Group's Family Trusts, to combine and restructure the existing components to form a Group-wide compliance management system and considerably strengthen the compliance organization. In addition to the role of Chief Compliance Officer and Group Compliance Officer, compliance officers were appointed at the level of the units and also within the largest individual companies in the Würth Group during the 2016 fiscal year. The responsibilities and structures for product, tax, and IT compliance that are already in place across the Group will remain in force, but the individuals responsible also report to the Chief Compliance Officer of the Würth Group. The Compliance Board provides advice on compliance incidents as and when required and makes recommendations regarding any measures that need to be taken. The Compliance Board is also responsible for the further development of the compliance organization and reports to the Central Managing Board and the Advisory Board of the Würth Group in all compliance matters. One particular focus was on further training for compliance officers at the company level.

Compliance regulations

The fundamental features of the corporate philosophy are summarized in a Code of Compliance and supplemented with regard to compliance with international standards. In order to anchor the compliance organization within the Group in the long term, Group-wide training sessions are conducted on the compliance organization and on compliance issues. Training sessions initially focus on "Dealing with gifts and invitations," "Antitrust law and price fixing," "Company secrets," "Data protection," "European General Data Protection Regulation," and "Export control."

Due to increasing information security risks, further training measures were established in the 2021 fiscal year.

Group-wide reporting system
The Group-wide reporting system means that not only employees but also customers, suppliers, and other individuals will be able to report any suspected compliance breaches directly to the Würth Group's Compliance Office. The use of a technical system made available by an external service provider means that reports can be submitted completely anonymously.

Prerequisite for sustainable corporate success
The compliance organization is supported by the firm conviction of the Central Managing Board, the Würth family, the Supervisory Board of the Würth Group's Family Trusts, and the Advisory Board that a living and breathing compliance culture will play a key role in ensuring the further sustainable success of the Würth Group. At the same time, the management teams of the Group companies can proactively live up to their responsibilities with regard to the mounting national and international demands that compliance organizations have to meet.

Continuous further development of the compliance management system
In the 2020 fiscal year, in consultation with the Advisory Board of the Würth Group, we conducted a status quo assessment of our compliance management system together with an external consultant. As well as reviewing its fundamental orientation, we also wanted to receive impetus for further development and improvement. The results of this assessment have confirmed that we are pursuing the right focus with our compliance management system and form part of the continuous improvement process at the same time.

Business model
The business model of direct selling still offers considerable opportunities for the Würth Group in that it places us very close to the market and ensures customer loyalty. Nevertheless, customer ordering behavior has changed considerably in recent years. Digitalization offers a whole host of opportunities for working directly with suppliers. The relative ease with which businesses can establish Internet-based business models is resulting in growing competitive pressure. Our business model has to adapt to reflect this development. We want direct selling to continue to play a key role but also want issues such as logistics, services, and a broad product range to open up market opportunities. The sales representatives of today are no longer just salespeople, but rather manage the various customer contact points: the sales force, the pick-up shops, and the Internet. We refer to this as a multi-channel sales model in which e-business serves as a practical complement to the traditional sales methods in a manner that is tailored to suit our customers' procurement organization. In 2021, the COVID-19 crisis and the resulting change in our customers' purchasing behavior led to an above-average increase in e-business sales, as our systemic importance gave us the green light to deliver and our delivery capacity was virtually unrestricted. This development shows that we are on the right track with the services that we are offering with our customers' needs in mind and that our strategy of multi-channel sales is bearing fruit.

Opportunities

The opportunities set out below could have a positive impact on our net assets, financial position, and results of operations. Like the risks, they are listed in decreasing order of relevance.

Decentralized structure
Würth's decentralized structure is a great advantage for the Group, especially in light of the fact that the individual countries in which we operate display such variation in their economic development. We believe that this structure presents an opportunity for further sustainable growth. It allows for a quick local response to circumstances and changes in any given market environment, meaning that we can implement efficient measures. We will continue to push the development of the Würth Group while maintaining our decentralized structure.

The term “decentralized” within this context not only refers to regional aspects, but also covers our large array of different business models. However, the fact that we pursue the principle of decentralization does not mean that we cannot standardize processes further where it makes sense to do so in order to make more efficient use of our resources.

Market penetration

Our share of the market is estimated at just five percent due to a low share of the market in most countries, with a few exceptions. What would appear to be a disadvantage actually signals major growth potential that we can tap into by further expanding our customer base and intensifying our customer relationships, for example, by continually enhancing intelligent distribution systems that offer real benefits to our customers.

Customer relations

Our more than four million customers form the basis for our business success. As a result, expanding and maintaining our customer relations are key components of our day-to-day work. We will continue to focus on comprehensive customer management at all Group companies. Around 300,000 customer contacts a day and a large number of long-standing relationships between our customers and our more than 33,000 sales representatives help us to exploit the existing potential to the greatest extent possible. Grouping our customers based on their individual needs is a key control mechanism for strategic management. Being close to our customers is our declared objective. The correlation between additional customers and sales growth, together with the service level, are important indicators of business success for us. Customer insolvencies are a manageable risk for the Würth Group. Due to our very extensive core range of over 125,000 products, the comparatively low average order values, and our broad customer base, we are well positioned to keep these risks at a minimum.

Quality

It is the express aim of the Würth Group to meet, or where possible exceed, the highest quality standards. For this reason, the guiding principle “Würth is quality—everywhere, every time” was anchored in the Würth Group’s quality management back in 2010 and consistently developed further in the years that followed. This brand promise applies to all our markets. Implementation of this principle opens up further key market opportunities for us both in the professional trades and with industrial customers. For us, ensuring reliable compliance with standards, in addition to fulfilling product requirements and approval criteria, is a fundamental quality management task to enable us to be a dependable partner for our customers. This is important, but we do not consider it enough in and of itself: We strive to surpass customer expectations wherever possible with our services and inspire our customers in the process.

In the 2021 fiscal year, the Würth Group’s central quality team (WQT) continued its activities. Despite ongoing restrictions due to the COVID-19 pandemic, training courses were held on management systems and product and process quality during the year under review and 233 participants received further training on a total of 435 training days.

Key components of the Würth quality promise include, first of all, the validation of new products by the quality department, for example, at Adolf Würth GmbH & Co. KG and Würth International AG, and, secondly, measures to safeguard the quality of delivery by conducting supplier training and systematic checks along the supply chain. As early as 2020, investments were made in training and systems to conduct remote audits, resulting in approximately 17 percent of supplier-related activities being conducted “remotely” by 2021. The Würth Group now has over 28 active “Supplier Quality Engineers” (SQEs) as well as its own test laboratories/goods checkpoints spread across Europe, Asia, and the US with a total of over 175 employees. By the end of the reporting period, seven test laboratories had been awarded ISO 17025 accreditation. Further investments were made in the expansion of the SAP-supported system WS1, to be used as a mandatory requirement throughout the Group, focusing on the advance quality planning function, the verification of tests, and measures aimed at the further integration of Group laboratories and suppliers.

Sustainability
As a family business, Würth is aware of its social responsibility and is focused on sustainable growth in the long term. As part of our sustainability management system, we have started to supplement our existing management processes to include components that provide us with valuable data on products and processes at each individual company and form the basis for Group-wide sustainability management. These components include the global sustainability indicators developed by the Global Reporting Initiative (GRI), the reporting of greenhouse gas emissions, and the strategic focus centering on the 17 United Nations Sustainable Development Goals (SDGs). Sustainability reporting helps us to make the inclusion of environmental and social aspects transparent and to incorporate them as an even more firmly established component of our management decisions. The data for sustainability reporting is recorded and collected using Würth's internal reporting tool, CIS. It forms the basis for making sustainability measurable within the Würth Group. At the same time, the idea is to identify forward-looking approaches and solutions and communicate them to the participating companies. In this respect, sustainability reporting provides a Group-wide empirical basis of reliable facts and figures, as well as best-practice examples, that will be incorporated into the Würth Group's first-ever sustainability report in 2022.

Diversity
Different opinions and outlooks boost creativity and innovation, while paving the way for new solutions. In order to make the best possible use of the considerable potential that diversity offers within the Würth Group, the aim is not only to build diverse teams, but also to involve and listen to all employees. This is why the Würth Group provides a working environment and overall conditions that are free of prejudice and intolerance and enable each and every individual to make a valuable contribution. Consequently, we adopt a strict zero-tolerance approach to all forms of discrimination based on gender, gender identity, sexual identity, physical or mental impairment, social or ethnic origin, age, nationality, language, skin color, and religion. As an initial step on the way to greater diversity within the company, the focus is on a higher proportion of women at all hierarchical levels, especially in management positions. Initial measures have already been introduced in the form of a mentoring program, but also through networks for women in the Group. At the same time, the development and expansion of diversity expertise among employees and management will help drive this development further.

Overall assessment

The opportunities available will generally enable us to achieve further profitable growth in 2022 and beyond. The risks for the Würth Group are limited by the established and functioning risk management system, even in the ongoing COVID-19 pandemic, and are monitored very closely. Existing risks are consistently monitored and assigned measures to ensure that they do not jeopardize the Würth Group's continued prosperity.

We are very concerned as we follow the current developments in the Ukraine conflict and the associated impact on the population. The direct and indirect economic implications and risks for the Würth Group are difficult to forecast at the present time.

Employees

- **Number of employees rises to 83,183**
- **Broad-based in-house employee development program**

Workforce development
The number of employees in the Würth Group rose by 5.1 percent to 83,183 as of 31 December 2021 (2020: 79,139). In Germany, the Würth Group had 25,438 employees on its payroll (2020: 24,514), while Würth companies abroad reported 57,745 employees (2020: 54,625). There were 33,536 employees working as permanent sales representatives worldwide in the 2021 fiscal year (2020: 33,176).

EMPLOYEE HEADCOUNT
Würth Group as of 31 December

	2021	2020	%
Würth Line Germany	9,433	9,245	+2.0
Allied Companies Germany	16,005	15,269	+4.8
Würth Group Germany	25,438	24,514	+3.8
Würth Group International	57,745	54,625	+5.7
Würth Group total	**83,183**	**79,139**	**+5.1**
Thereof:			
Sales staff	33,536	33,176	+1.1
In-house staff	49,647	45,963	+8.0

HR strategy
The shortage of specialists and managers is having an impact in many countries and qualified employees are increasingly becoming a limiting factor for growth. It is therefore important to retain employees at the company and to offer a positive working environment with interesting development opportunities. The Würth Group, with its diverse business models and international orientation, has many possibilities in this respect.

In order to meet the increased requirements within HR, the **Global HR Group function** has been tasked with bundling and organizing the strategically relevant HR issues at the Group level since January 2021. One area of these activities relates to **Würth Business Academy (WBA)**, which focuses on management development and talent management. **Akademie Würth**, as the second pillar of the global HR function, is being further expanded to become a global provider of training and consultancy services for companies in the Würth Group and their customers. The third area, **HR services and processes**, ensures, for example, that a state-of-the-art IT infrastructure is available for HR processes, while an attractive Global Mobility Policy ensures that key functions can be filled internationally.

WBA ensures holistic management training and the systematic development of up-and-coming talent. The aim is for management positions to be filled primarily from the company's own ranks. WBA supports this process by offering suitable training programs for different stages in an employee's development. It also supports management teams worldwide in succession planning as part of a structured process and makes its information available to the Central Managing Board and the executive bodies of the Würth Group as part of the risk assessment process. This information is condensed and analyzed with the top management team of the Würth Group at regular intervals, with agreements being made on the measures to be taken and talent pools being defined.

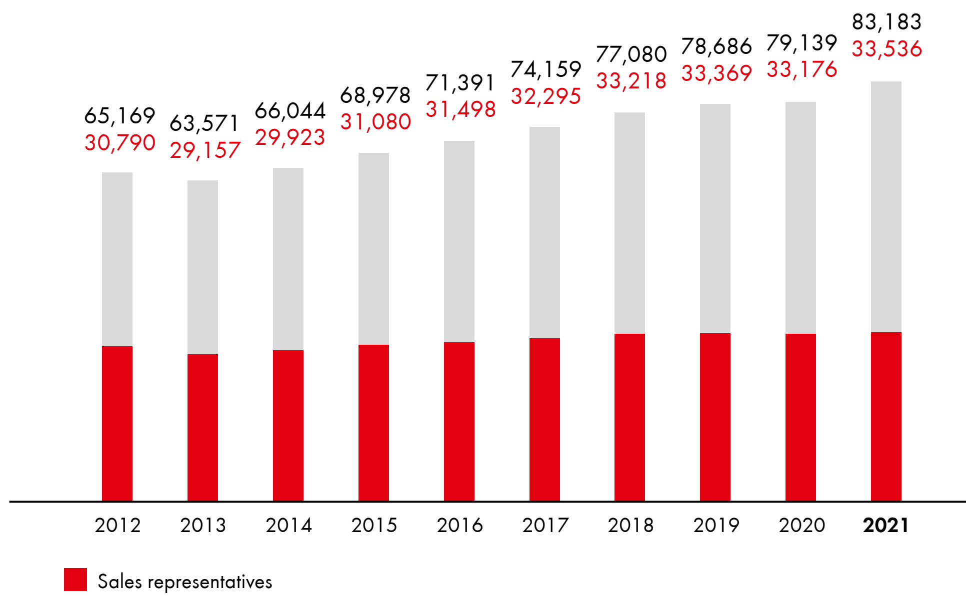
The location for training, HR, and talent development activities in North America has also brought us closer to our target groups there, thus encouraging the internationalization of our operations with regard to HR. Since January 2020, an additional HR development site has been up and running in China for the entire Asia-Pacific region. This decentralized approach allows the programs to be adapted to better suit regional requirements and allows for talent management on location to be focused and managed based on the specific needs.

Digitalization will lead to major changes and associated challenges with regard to human resources. The newly established HR Services and Processes function works together with the companies in the Würth Group and the IT department to develop an appropriate strategy and provide the companies with suitable software solutions. In the area of digital learning, the Learning Campus is a platform that has been open to all employees of the Würth Group since 2017.

Under the leadership of the Global HR function, international cooperation within the Group is being strengthened by an HR network and a platform for sharing best practices. In order to develop and establish HR-related and strategically important topics, an HR Board has been set up comprising HR managers with operational responsibility.

Employee training
The skills, competences, and qualifications of all employees, together with their motivation and enthusiasm, form the basis for a successful future. For this reason, personal development and further professional qualification are of particular relevance in order to meet the demands of the market. There are various phases in each employee's working life: There are times at which personal issues such as self-worth or self-confidence play a key role and there are also times in which focus is placed on career advancement—be it in an employee's career as a manager or in the various specialist departments. The programs available at

EMPLOYEES in the Würth Group as of 31 December



Würth aim to offer each and every employee training that suits their individual skills and professional objectives.

As a family business, Würth is committed to long-term corporate development. This also applies when it comes to promoting the talents of the future. In Germany, where there is a long tradition of dual training concepts, Würth has been committed to providing people with extensive initial training for more than 60 years now. At the end of 2021, the Würth Group in Germany had 1,312 trainees for around 50 different occupations. Young professionals can also study for bachelor's degrees at the Baden-Württemberg Cooperative State University. The main focus in the German companies is on commercial, technical, and catering apprenticeships.

Akademie Würth offers a holistic further training concept for employees of the Würth Group, as well as for customers and interested parties outside the Würth Group. Akademie Würth offers a practice-oriented range of further training courses specifically for craft businesses in the form of technically oriented training courses. The targeted courses focus on specific topics such as fire safety, metalworking, fasteners, sealants and adhesives, motor vehicles, and occupational safety. This allows Würth to support its customers as a service provider, driver of innovation, and mentor as well. The concept is rounded off by consultancy services on all matters relating to quality and process management, organizational development, and business excellence. This gives the Würth Group a unique opportunity in the market to actively support its customers' current and future success, thus allowing it to secure sustainable business relationships. Based on an independent representative customer survey, this approach was awarded the "TOP CONSULTANT" award in 2021.

Companies within the Würth Group are given support to help them meet the requirements that apply to them. This includes the implementation of overall statutory conditions, such as the creation and implementation of integrated management systems, or support with certification processes, as well as compliance with specific customer requirements. With its range of courses, Akademie Würth allows employees and managers to engage in lifelong learning in order to successfully achieve the goals they have set for themselves, both now and in the future. All employees have the opportunity to acquire the relevant knowledge on the basis of the Würth Group's culture and strategy at any time. The focus is on putting theory into practice. In addition, Akademie Würth helps the specialist departments to multiply relevant knowledge in the Group in order to successfully face current and future challenges. Akademie Würth also provides companies with support in areas such as strategy development and the implementation of change processes. Lean Management and Six Sigma have already been launched successfully at companies in various sectors. In order to ensure sustainability, the approach chosen tends to involve providing support with projects that will have an impact on the organization's profit or loss.

Degree programs for working professionals at **Akademie Würth Business School**, which are open both to employees of the Group and to interested individuals from outside the Group, allow people to study for academic degrees. The Bachelor of Business Administration in cooperation with Hamburger Fern-Hochschule university is a seven-semester program leading to a Bachelor of Arts (B.A.) degree. The bachelor's program in Industrial Engineering and Technical Sales in cooperation with SRH Distance-Learning University of Applied Sciences takes six semesters, finishing with a Bachelor of Science (B.Sc.). In collaboration with the University of Louisville in Kentucky (USA), Würth also offers an internationally recognized master's degree in Global Business. This one-year program, which is conducted in English, awards graduates a Master of Business Administration (MBA). As of this year, a Master of Science with a focus on Family Business can be obtained after completing the MBA course. The courses last six months and are offered in cooperation with Heilbronn University of Applied Sciences. The master's program in Digital Management & Transformation confers a Master of Science (M.Sc.) in four semesters, also in cooperation with SRH Distance Learning University. Würth also offers a Doctor of Business Administration (DBA) as a three-year program in conjunction with Northumbria University, Newcastle. The DBA is a professional doctorate in business administration, equivalent to a PhD but with a clear focus on developing and improving professional practice.

Health management
In these times dominated by the COVID-19 pandemic, the in-house health management program "Fit mit Würth" continued to raise awareness among the employees of Adolf Würth GmbH & Co. KG and a large number of other companies in the German Würth Group of healthy living and working and the creation of an overall environment that is conducive to employee health. This was achieved primarily with the help of new digital options: Online health courses, active breaks, and lectures helped employees and their families to stay healthy. The main beneficiaries of these digital offerings were employees working from home, members of the sales force, and pick-up shop employees. A holistic approach to health management is crucial, spanning areas such as exercise, nutrition, physical regeneration, safety, social affairs, and prevention. "Fit mit Würth" takes part in a regular audit to obtain the Corporate Health Award. A large number of subsidiaries are now also developing health programs of their own.

Employee survey
Employee satisfaction has always been a top priority for the Würth Group. A standardized and uniform employee survey has been carried out since 2005 in order to obtain regular information on how satisfied employees are with the Würth Group company they work for and how these satisfaction levels are developing. The results also provide structured information on the soft factors of corporate and leadership culture. The focus is on boosting employee satisfaction with the aim of improving company performance. The survey provides a benchmark both within and between individual companies in the Würth Group. Brief "pulse check" surveys on current topics are now also being used alongside the standardized regular survey. The surveys are carried out together with the Mannheim-based WO Institute (Institute for Economic and Organizational Psychology).

Thanks to our employees
The Central Managing Board of the Würth Group would like to thank all employees and employee representatives for the considerable commitment they have shown. In the second year dominated by the pandemic, all employees yet again showed a particularly high degree of flexibility and a willingness to pursue new avenues together. We are as grateful for this as we are for the trust they have placed in the company and their loyalty to their employer.

Outlook

Macroeconomic environment
The full impact of the war in Ukraine remains to be seen. The impact on the global economic situation is as uncertain as the question of how the situation will continue to unfold. Experts are becoming increasingly pessimistic as the war will fundamentally change the overall geopolitical and economic environment, especially for Europe. In the short term, it will trigger a significant slowdown in economic activity, partly due to the exacerbation of supply chain issues, further increases in raw material, energy and food prices, and financial market reactions to the sanctions. In the medium and long term, the breaking of some of the links between the economic areas and the resulting need for diversification will slow economic development down even further. What this will mean in detail for individual economies, for example, whether they will be able to compensate for their reliance on gas, oil, and coal from Russia in particular, is difficult to predict at present.

One thing that is certain, however, is that the ongoing impacts of the COVID-19 pandemic on the markets, the supply chain issues, and the further increase in energy and raw material prices represent a precarious starting position. Coupled with the consequences of the war in Ukraine, these factors make the prospect of a stagflationary recession increasingly likely.

Across the **eurozone**, hefty price increases are likely to coincide with a lack of economic growth, which could prompt the European Central Bank to rethink its monetary policy.

As far as **Germany** is concerned, Deutsche Bundesbank expects to see an inflation rate of 5.0 percent on average for 2022 (2021: 3.2 percent), and high levels of inflation are also expected throughout the eurozone. Scenarios of a recession in Western Europe—at least for a short period—can no longer be ruled out.

Whereas economists and experts were still cautiously optimistic at the beginning of the year, especially as individual economies were increasingly relaxing their stringent restrictions imposed in response to the COVID-19 pandemic and had unveiled plans to reopen, any easing of the economic situation now ultimately seems to be a distant prospect. The economic forecasts for Germany vary accordingly. One thing they all have in common is that as of 24 February 2022, the institutions started making downward revisions to their previous forecasts: The Hamburg Institute of International Economics (HWWI), for example, revised its forecast of +3.5 percent for the German economy at the beginning of the year to +2.0 percent, meaning that it expects economic output to grow at a slower pace than in the previous year (2021: +2.7 percent). The Scope rating agency also lowered its economic forecast from +4.4 percent for the current year to +3.5 percent. The picture for Europe as a whole is similarly subdued. The European Commission now expects growth to slow to below the 4.0 percent originally forecast (2021: +5.2 percent).

It is also difficult to predict how the individual **sectors** will develop over the course of the year. The Association of German Chambers of Commerce and Industry (DIHK) no longer considers its forecast export growth of 6.0 percent to be achievable—despite order books being full to the brim. Further disruptions to global supply chains due to the sanctions are also within the realms of possibility. This is already hitting the automotive industry very hard: Due to a shortage of wire harnesses, a large proportion of which are supplied from Ukraine, almost all major car makers brought production at their German sites to a halt at the beginning of March. Construction and industry are currently benefiting from substantial order backlogs, which could stimulate production in these sectors. Here, too, however the catch-up process is likely to be less dynamic than previously expected.

All in all, it is currently difficult to arrive at any reliable forecasts in the mixed global political and macroeconomic situation. The duration and severity of the war will be decisive for further developments. So too will the question as to how the economies outside NATO, and China in particular, will position themselves.

Development of the Würth Group

- **Economic impact of the Ukraine conflict difficult to estimate**
- **Multi-channel strategy as a success factor during the pandemic**
- **Adolf Würth GmbH & Co. KG invests in Künzelsau-Gaisbach location**

With sales of EUR 17.1 billion and an operating result of EUR 1,270 million, the Würth Group set new records in the 2021 fiscal year. Group sales in Germany grew by 14.3 percent to EUR 6.9 billion (2020: EUR 6.1 billion). With EUR 10.1 billion (2020: EUR 8.3 billion), the Würth companies abroad achieved even more successful results.

This positive development is based on the strategy of further digitalization in conjunction with multi-channel sales. Particularly during the pandemic, where contactless purchases and compliance with hygiene regulations is essential, Würth has the right solutions at its fingertips. Key components include the online shop, the Würth App, and the entire e-procurement area, supplemented by the dense network of pick-up shops for bricks-and-mortar purchases. The world's 2,000th Würth Line pick-up shop opened in Norway in December 2021. Together with the pick-up shops of the Allied Companies, the Würth Group has 2,497 pick-up shops. The e-business sales area was expanded further in 2021 and became increasingly relevant in strategic terms: Sales in this area grew by 23 percent in a year-on-year comparison.

The Würth Group relies on its own digital solutions for the online shop, e-procurement, and the app. This allows it to create a shared uniform technical foundation that enables not only innovative further developments, but also their rapid, cost-effective roll-out. These central solutions are now used at around 60 companies within the Würth Group. Today, e-business accounts for around 20 percent of total sales. More than 1,000 employees across the globe work in the e-business environment.

E-procurement has continued to become more important within the Würth Line. More and more customers are professionalizing and digitalizing their procurement, which is also reflected in the 38 percent growth compared to 2020. In many countries, specialists are deployed to help defined key accounts optimize and automate their purchasing processes.

Within the Würth Line, regional competence centers are being set up in Southeast Asia and Latin America in order to drive forward e-business activities in those markets and to support the local companies with individually customized expertise.

Würth is making extensive use of the opportunities offered by digitalization during the COVID-19 pandemic. Since the beginning of the pandemic, a large part of the workforce has been working from home where it makes sense to do so. Nevertheless, personal contact forms the basis of our corporate culture and is something we want to spend more time cultivating after the pandemic.

In addition to personal contact, Würth's corporate culture is characterized by values such as diversity and tolerance. The Group has been devoting increased attention to the issue of diversity since 2021, and it will be one of the focal areas for 2022. As a first step, Würth Business Academy has launched a mentoring program to support female high-potentials. The aim is to provide additional support for female talent, make them more visible to top management, and raise awareness of factors that can facilitate women's career paths. The topic of diversity is also being given greater consideration in our recruitment processes.

Another focal topic for 2022 is sustainability: Würth has set itself the goal of striking an even better balance between environmental, economic, and social issues in the future. Adolf Würth GmbH & Co. KG, for example, as the largest individual company in the Group, has set itself the objective of achieving climate-neutral status (Scope 1 and 2) at all its locations throughout Germany by 2024. It has defined far-reaching measures for implementation at its headquarters in Künzelsau-Gaisbach and all of its pick-up shops in Germany: switching to electromobility, increasing energy efficiency by implementing an energy management system, expanding the supply of electricity generated in-house, purchasing green electricity, offsetting any carbon emissions that cannot be avoided. In addition to Adolf Würth GmbH & Co. KG, numerous other companies are also implementing sustainability projects. The North American Würth Additive Group Inc., for example, is currently developing filaments, plastic threads for 3D printing, from recycled carbon fibers. The aim of the pilot project is to develop processes and structures for the recycling and use of used carbon fibers and ultimately to serve as a role model for a successful circular economy model in the field of 3D printing. The Würth Group will publish its first sustainability report in 2022.

To strengthen the future of the Würth brand in the long term, Adolf Würth GmbH & Co. KG is investing in the Künzelsau-Gaisbach site. With an investment volume of EUR 70 million, the nucleus of the Group will complete an innovation center in the third quarter of 2022 where state-of-the-art workshops, testing facilities for screw and anchor technology, mechatronics, and chemical-technical products will drive application- and customer-oriented product development. In addition, the company is planning a new administration building with around 375 workstations. The focus is on sustainable construction that meets the requirements of a sustainable circular economy: The 49-meter high-rise building will be based on a hybrid timber construction. The construction is scheduled to begin in 2024.

Overall statement on the future development of the Würth Group

Due to the current economic and global political situation, it is difficult to arrive at any reliable forecast regarding the further development of the Würth Group in 2022. The direct effects of the Ukraine crisis on the Würth Group's sales are not material at present; the indirect effects are impossible to quantify.

We are now entering the third year of the COVID-19 pandemic. The critical factor in ending this crisis remains a high vaccination rate. This is the only way to achieve herd immunity. Numerous vaccines were developed and approved within a very short period of time from 2020 onward. To ensure that everyone, including people living in the world's poorest countries, has access to vaccination, the World Health Organization (WHO) joined forces with other global stakeholders to launch the COVAX initiative. Adolf Würth GmbH & Co. KG supported this initiative by donating EUR 500,000 in March 2021. The milder Omicron variant of coronavirus offers hope that, together, we can come to grips with the pandemic.

The ongoing supply bottlenecks, material shortages, and dramatic price increases will doubtlessly continue to affect our business in the near future. In addition, the European Commission imposed anti-dumping duties ranging from 22.1 percent to 86.5 percent on steel fasteners originating in China, effective 18 February 2022. This will cause additional upheaval on the procurement markets and further increase the pressure on purchase prices. Our own production plants in Germany and Europe, however, ensure a certain independence from global supply chains. The Group company SWG Schraubenwerk Gaisbach GmbH in Waldenburg, for example, produces the ASSY® screw for timber construction.

We are watching the situation in Ukraine with great concern. Current developments will force us to build up increasing safety stocks, which is likely to result in an increasing volume of financial resources being tied up and in the Würth Group's net debt increasing too. The top priority in this complex situation, however, is the safety of our employees in Ukraine. They are receiving financial support so that they can get themselves and their families to safety. We are also providing financial support for our employees in Russia and Belarus.

Provided that the military conflict remains confined to the territory of Ukraine and does not escalate further, we expect sales growth in the high single-digit percentage range and slight earnings growth in 2022.

More

transparency

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

in millions of EUR		2021	Share in %	2020	Share in %	Change in %
Sales	[1]	17,059.9	100.0	14,413.0	100.0	18.4
Changes in inventories		42.4	0.2	-25.6	-0.2	< -100
Own work capitalized		15.4	0.1	12.8	0.1	20.3
Cost of materials	[2]	8,772.3	51.4	7,265.6	50.4	20.7
Cost of financial services	[3]	25.6	0.2	29.0	0.2	-11.7
Gross profit		**8,319.8**	**48.7**	**7,105.6**	**49.3**	**17.1**
Other operating income	[4]	96.2	0.6	110.0	0.8	-12.5
Personnel expenses	[5]	4,369.7	25.6	3,843.3	26.7	13.7
Amortization and depreciation	[6]	775.6	4.5	778.6	5.4	-0.4
Other operating expenses	[7]	2,009.8	11.8	1,784.6	12.4	12.6
Finance revenue	[8]	53.9	0.3	44.3	0.3	21.7
Finance costs	[8]	71.1	0.4	99.0	0.7	-28.2
Earnings before taxes	[9]	**1,243.7**	**7.3**	**754.4**	**5.2**	**64.9**
Income taxes	[10]	278.3	1.6	150.4	1.0	85.0
Net income for the year		**965.4**	**5.7**	**604.0**	**4.2**	**59.8**
Attributable to:						
Owners of parent companies in the Group		954.4	5.6	602.4	4.2	58.4
Non-controlling interests		11.0	0.1	1.6	0.0	> 100
		965.4	**5.7**	**604.0**	**4.2**	**59.8**

Consolidated statement of comprehensive income

in millions of EUR	2021	Share in %	2020	Share in %	Change in %
Net income for the year	**965.4**	**100.0**	**604.0**	**100.0**	**59.8**
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):					
Net gain (+) / loss (–) on cash flow hedges	2.1	0.2	–3.3	–0.5	< –100
Foreign currency translation	48.2	5.0	–75.3	–12.5	< –100
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**50.3**	**5.2**	**–78.6**	**–13.0**	**< –100**
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):					
Remeasurement gain/loss on defined benefit plans	32.8	3.4	–12.1	–2.0	< –100
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**32.8**	**3.4**	**–12.1**	**–2.0**	**< –100**
Other comprehensive income, net of tax	**83.1**	**8.6**	**–90.7**	**–15.0**	**< –100**
Total comprehensive income, net of tax	**1,048.5**	**108.6**	**513.3**	**85.0**	**> 100**
Attributable to:					
Owners of parent companies in the Group	1,037.3	107.4	512.6	84.9	> 100
Non-controlling interests	11.2	1.2	0.7	0.1	> 100
	1,048.5	**108.6**	**513.3**	**85.0**	**> 100**

Consolidated statement of financial position

Assets in millions of EUR		**2021**	Share in %	**2020**	Share in %	Change in %
Non-current assets						
Intangible assets including goodwill	[11]	267.9	1.8	284.3	2.1	-5.8
Property, plant, and equipment	[12]	3,837.8	25.4	3,686.6	27.4	4.1
Right-of-use assets	[13]	962.1	6.4	960.6	7.1	0.2
Financial assets	[14]	110.3	0.7	99.5	0.7	10.9
Receivables from financial services	[15]	1,347.3	8.9	1,084.8	8.0	24.2
Other assets	[21]	32.6	0.2	29.7	0.2	9.8
Deferred taxes	[16]	237.0	1.6	222.4	1.7	6.6
		6,795.0	**45.0**	**6,367.9**	**47.2**	**6.7**
Current assets						
Inventories	[17]	3,063.9	20.3	2,222.4	16.5	37.9
Trade receivables	[18]	2,376.2	15.7	1,941.9	14.4	22.4
Receivables from financial services	[15]	1,099.7	7.3	1,047.4	7.8	5.0
Income tax assets	[19]	29.2	0.2	58.7	0.4	-50.3
Other financial assets	[20]	206.4	1.3	165.0	1.2	25.1
Other assets	[21]	243.4	1.6	199.0	1.5	22.3
Securities	[22]	83.8	0.6	84.5	0.6	-0.8
Cash and cash equivalents	[23]	1,216.8	8.0	1,386.4	10.3	-12.2
		8,319.4	**55.0**	**7,105.3**	**52.7**	**17.1**
Assets classified as held for sale	[24]	0.0	0.0	4.8	0.1	-100.0
		8,319.4	**55.0**	**7,110.1**	**52.8**	**17.0**
		15,114.4	**100.0**	**13,478.0**	**100.0**	**12.1**

Equity and liabilities in millions of EUR		**2021**	Share in %	**2020**	Share in %	Change in %
Equity						
Equity attributable to parent companies in the Group	[25]					
Share capital		408.4	2.7	408.4	3.0	0.0
Reserves		2,634.9	17.5	2,337.5	17.3	12.7
Retained earnings		3,708.0	24.5	3,116.8	23.1	19.0
		6,751.3	44.7	5,862.7	43.4	15.2
Non-controlling interests		73.1	0.5	57.7	0.4	26.7
		6,824.4	**45.2**	**5,920.4**	**43.8**	**15.3**
Non-current liabilities						
Liabilities from financial services	[26]	966.8	6.4	670.6	5.0	44.2
Financial liabilities	[27]	1,256.4	8.3	1,763.9	13.1	–28.8
Lease liabilities	[28]	718.6	4.8	723.8	5.4	–0.7
Post-employment benefit obligations	[29]	318.7	2.1	359.3	2.7	–11.3
Provisions	[30]	136.5	0.9	121.1	0.9	12.7
Other financial liabilities	[31]	15.3	0.1	14.0	0.1	9.3
Other liabilities	[32]	1.6	0.0	0.9	0.0	77.8
Deferred taxes	[16]	112.6	0.7	111.4	0.8	1.1
		3,526.5	**23.3**	**3,765.0**	**28.0**	**–6.3**
Current liabilities						
Trade payables		1,091.9	7.2	817.3	6.1	33.6
Liabilities from financial services	[26]	1,108.2	7.3	1,057.7	7.8	4.8
Financial liabilities	[27]	610.9	4.0	307.9	2.3	98.4
Lease liabilities	[28]	259.1	1.7	249.7	1.9	3.8
Income tax liabilities		141.9	1.0	91.3	0.7	55.4
Provisions	[30]	254.6	1.7	217.0	1.6	17.3
Other financial liabilities	[31]	687.5	4.6	554.5	4.1	24.0
Other liabilities	[32]	609.4	4.0	496.1	3.7	22.8
		4,763.5	**31.5**	**3,791.5**	**28.2**	**25.6**
Liabilities in a group of assets classified as held for sale	[24]	0.0	0.0	1.1	0.0	–100.0
		4,763.5	**31.5**	**3,792.6**	**28.2**	**25.6**
		15,114.4	**100.0**	**13,478.0**	**100.0**	**12.1**

Consolidated statement of cash flows*

Cash flows from operating activities in millions of EUR	**2021**	**2020**
Earnings before taxes	**1,243.7**	**754.4**
Income taxes paid	–221.3	–173.1
Finance costs (excluding loss on derivative instruments at fair value through profit or loss)	71.1	99.0
Finance income (excluding gain on derivative instruments at fair value through profit or loss)	–56.2	–37.5
Interest received from operating activities	8.7	5.8
Interest paid from operating activities	–14.9	–16.0
Changes in post-employment benefit obligations	0.2	2.1
Depreciation, amortization, and reversals of impairment losses on intangible assets, property, plant and equipment, and right-of-use assets	774.4	778.1
Losses on disposal of non-current assets	5.4	4.1
Gains on disposal of non-current assets	–11.7	–5.7
Gains/losses on derivative instruments reported at fair value through profit or loss	2.3	–6.8
Other non-cash income and expenses	167.6	116.2
Gross cash flows	**1,969.3**	**1,520.6**
Changes in inventories	–877.6	–20.5
Changes in trade receivables	–417.1	–47.0
Changes in receivables from financial services	–308.8	–63.2
Changes in trade payables	220.0	3.4
Changes in liabilities from financial services	341.2	15.4
Changes in short-term securities	1.7	10.4
Changes in other net working capital	105.2	181.2
Cash flows from operating activities	**1,033.9**	**1,600.3**
Investments in intangible assets	–39.9	–36.5
Investments in property, plant, and equipment	–512.6	–426.8
Investments in financial instruments	–34.6	–12.1
Investments in newly acquired subsidiaries less cash, as well as variable purchase price payments**	–48.0	–2.5
Cash received from disposals of assets	46.3	37.3
Cash flows from investing activities	**–588.8**	**–440.6**

Cash flows in millions of EUR	**2021**	**2020**
Distributions	–325.9	–303.8
Change in receivables from/liabilities to Family Trusts and the Würth Family incl. interest income	62.8	61.6
Capital contribution	169.1	156.6
Increase in financial liabilities	35.7	783.9
Decrease in financial liabilities	–239.4	–621.2
Payments for the repayment portion of lease liabilities	–287.5	–310.0
Interest paid/received from financing activities	–27.5	–37.8
Increase in majority shareholdings	–24.3	0.0
Cash flows from financing activities	**–637.0**	**–270.7**
Changes due to consolidation	19.5	28.1
Effect of exchange rate changes on cash and cash equivalents	2.8	–7.6
Changes in cash and cash equivalents	**–169.6**	**909.5**

Composition of cash and cash equivalents in millions of EUR	**2021**	**2020**	Change in millions of EUR
Short-term investments	72.6	0.7	71.9
Other cash equivalents	2.9	1.8	1.1
Cash on hand	2.2	2.0	0.2
Cash at banks	1,139.1	1,381.9	–242.8
Cash and cash equivalents	**1,216.8**	**1,386.4**	**–169.6**

* Reference to "J. Notes on the consolidated statement of cash flows"
** Reference to "C. Consolidated group"

Consolidated statement of changes in equity*

in millions of EUR	Share capital	Differences from currency translation	Adjustment for post-employment benefit obligations	Cash flow hedge reserve	Other capital and revenue reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Equity attributable to parent companies in the Group								
1 January 2020	**408.4**	**–102.4**	**–124.3**	**–9.7**	**2,426.7**	**2,897.4**	**5,496.1**	**57.9**	**5,554.0**
Net income for the year	–	–	–	–	–	602.4	602.4	1.6	604.0
Other comprehensive income	–	–74.4	–12.1	–3.3	–	–	–89.8	–0.9	–90.7
Total comprehensive income	–	–74.4	–12.1	–3.3	–	602.4	512.6	0.7	513.3
Issue/reduction of share capital	0.0	–	–	–	156.5	0.0	156.5	0.1	156.6
Transfer to/drawings from reserves	–	–	–	–	80.9	–80.9	0.0	–	0.0
Distributions	–	–	–	–	–	–302.5	–302.5	–1.3	–303.8
Changes in the consolidated group	–	–	–	–	–	–	–	0.2	0.2
Other changes recognized in equity	–	–0.3	–	–	–0.1	0.4	0.0	0.1	0.1
31 December 2020	**408.4**	**–177.1**	**–136.4**	**–13.0**	**2,664.0**	**3,116.8**	**5,862.7**	**57.7**	**5,920.4**
1 January 2021	**408.4**	**–177.1**	**–136.4**	**–13.0**	**2,664.0**	**3,116.8**	**5,862.7**	**57.7**	**5,920.4**
Net income for the year	–	–	–	–	–	954.4	954.4	11.0	965.4
Other comprehensive income	–	48.0	32.8	2.1	–	–	82.9	0.2	83.1
Total comprehensive income	–	48.0	32.8	2.1	–	954.4	1,037.3	11.2	1,048.5
Issue/reduction of share capital	0.0	–	–	–	168.5	0.0	168.5	0.6	169.1
Transfer to/drawings from reserves	–	–	–	–	45.9	–45.9	0.0	–	0.0
Distributions	–	–	–	–	–	–320.3	–320.3	–5.6	–325.9
Changes in the consolidated group	–	–	–	–	–	–	–	10.0	10.0
Other changes recognized in equity	–	0.0	–	–	0.1	3.0	3.1	–0.8	2.3
31 December 2021	**408.4**	**–129.1**	**–103.6**	**–10.9**	**2,878.5**	**3,708.0**	**6,751.3**	**73.1**	**6,824.4**

* Reference to (25) "Equity" in Section H. Notes on the consolidated statement of financial position

Consolidated value added statement*

Origin of the value added in millions of EUR	**2021**	**2020**	Change in %
Sales	17,059.9	14,413.0	18.4
Changes in inventories and own work capitalized for capital expenditure	57.8	–12.8	< –100
Other operating income	96.2	110.0	–12.5
Finance revenue	53.9	44.3	21.7
	17,267.8	**14,554.5**	**18.6**
Less advance payments			
Cost of materials and cost of financial services	8,797.9	7,294.6	20.6
Other operating expenses	2,009.8	1,784.6	12.6
Amortization and depreciation	775.6	778.6	–0.4
	11,583.3	**9,857.8**	**17.5**
Value added	**5,684.5**	**4,696.7**	**21.0**

Purpose in millions of EUR	**2021**	**2020**	Change in %
Employees (personnel expenses)	4,369.7	3,843.3	13.7
Public sector (tax expenses)	278.3	150.4	85.0
Company	808.6	456.8	77.0
Equity holders**	156.8	147.2	6.5
Lenders	71.1	99.0	–28.2
Value added	**5,684.5**	**4,696.7**	**21.0**

* Not part of the consolidated financial statements in accordance with IFRS
** Distributions net of contribution to capital

Notes on the consolidated financial statements

A. General information

The headquarters of the Würth Group are located in 74653 Künzelsau, Germany.

The core business of the Würth Group involves the manufacture and distribution of fastening and assembly materials worldwide. The companies that make up the Würth Group's active sales operations are divided into two operational units: Würth Line and Allied Companies.

Würth Line operations focus on the manufacture of fastening and assembly materials, supplying customers in the trades, the construction sector, and industry. The sales portfolio of the Würth Line comprises products sold under its own brand name and by its own sales organization. Its main business activity is the manufacture and distribution of screws, screw accessories, DIN and standard parts, chemical-technical products, furniture and construction fittings, anchors, insulation, hand tools, power tools, cutting and pneumatic tools, service and care products, connecting and fastening materials, stocking and picking systems, and the direct mailing of workwear.

The Allied Companies, which either operate in business areas related to the core business or in diversified business areas, round off the Würth Group's portfolio. They are divided into nine strategic business units. With the exception of a small number of manufacturing companies, the majority are sales companies operating in related areas. The Diversification unit within the Allied Companies comprises service companies, such as hotels, restaurants, and logistics operators.

B. Adoption of International Financial Reporting Standards

Statement of compliance with IFRS
The consolidated financial statements of the Würth Group were prepared according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), London, UK, as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB ["Handelsgesetzbuch": German Commercial Code], and full IFRS. The consolidated financial statements consist of the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, and notes on the consolidated financial statements. The Group management report has been prepared in accordance with Sec. 315 HGB.

Basis of preparation
All IFRS standards whose adoption is mandatory as of 31 December 2021 have been applied. This also includes the International Accounting Standards (IAS), as well as the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC).

The financial statements have been prepared on the basis of historical costs, with the exception of financial assets and financial liabilities at fair value through profit or loss. The carrying amounts of the assets and liabilities recognized in the consolidated statement of financial position, which represent underlying transactions in connection with fair value hedges and are otherwise stated at amortized cost, are adjusted to reflect the changes in the fair value that can be attributed to the hedged risks in effective hedge relationships.

The consolidated financial statements were prepared in euro. All figures are reported in millions of euro (EUR) unless otherwise indicated.

The items in the consolidated statement of financial position have been classified into current and non-current assets and liabilities in accordance with IFRS. Items not due within a year are disclosed as non-current assets or non-current liabilities. In addition, deferred taxes are disclosed as non-current assets or liabilities.

The consolidated income statement has been prepared using the nature of expense method.

The consolidated financial statements were approved by the Central Managing Board of the Würth Group on 25 March 2022 for issue to the audit committee of the Würth Group's Advisory Board.

Use of estimates and judgments

The preparation of the consolidated financial statements pursuant to IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities and other financial obligations as of the reporting date and the reported amounts of income and expenses during the reporting period. The assumptions and estimates are based primarily on Group-wide regulations governing useful lives, accounting policies for capitalized development costs and provisions, the probability of future tax relief being realized from deferred tax assets, and on the assumptions regarding the future earnings power of cash-generating units. Actual amounts in future periods may differ from the estimates. Changes are recognized in income as and when better information becomes available.

The key assumptions concerning the future and other key sources of estimation uncertainty as of the reporting date that entail a risk of causing a material adjustment to the carrying amounts of assets and liabilities in the following fiscal year are discussed below.

a) Impairment of goodwill

The Würth Group tests goodwill for impairment at least once a year. This involves an estimate of the fair value less costs to sell of the cash-generating units to which the goodwill is allocated. The cash-generating units are determined on the basis of the lowest level used to monitor goodwill for internal purposes by management as it makes decisions on business combinations. In the Würth Group, this is generally the legal entity. As of 31 December 2021, the carrying amount of goodwill totaled EUR 87.5 million (2020: EUR 82.1 million). Further details are presented under [11] "Intangible assets including goodwill" in Section H. Notes on the consolidated statement of financial position.

b) Inventories

Inventories are measured at the lower of cost and net realizable value. The calculation of the net realizable value and the resulting impairment losses are subject to estimates.

c) Impairment of intangible assets, property, plant and equipment, and right-of-use assets

The Würth Group tests intangible assets, property, plant and equipment, and right-of-use assets for impairment if events or changes in circumstances suggest that it may not be possible to recover the carrying amount of an asset. The intrinsic value is calculated by comparing the carrying amount of the individual assets with their recoverable amount. The recoverable amount is either the value in use or the fair value, whichever is higher, less the cost of sale. The value in use is the amount calculated by discounting the estimated future cash flows. If an asset does not generate any cash inflows that are largely independent of the cash inflows generated by other asset groups, the impairment test is not carried out at the level of an individual asset, but at the level of the cash-generating unit. Further details are presented under [11] "Intangible assets including goodwill," [12] "Property, plant, and equipment," and [13] "Right-of-use assets" in Section H. Notes on the consolidated statement of financial position.

d) Unused tax losses and temporary differences

Deferred tax assets are recognized for all unused tax losses and temporary differences to the extent that it is probable that taxable income will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable income together with future tax planning strategies. Unused tax losses and temporary differences are considered recoverable only if they are likely to be used within the next five years. Deferred tax assets recognized on unused tax losses amount to EUR 17.8 million as of 31 December 2021 (2020: EUR 20.4 million) and are presented in [16] "Deferred taxes" in Section H. Notes on the consolidated statement of financial position.

e) Post-employment benefit obligations
The cost of defined benefit plans and the present value of the pension obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates, and future pension increases. Due to the complexity of the valuation, the underlying assumptions, and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed by the management on each reporting date. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in their respective currencies with at least an AA rating or above and an extrapolated maturity corresponding to the expected duration of the defined benefit obligation. Moreover, the quality of the underlying bonds is assessed by the management. Those having excessive credit spreads are excluded from the analysis of bonds from which the discount rate is derived on the basis that they do not represent high-quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. The net carrying amounts of the obligations from post-employment benefits amount to EUR 318.7 million as of 31 December 2021 (2020: EUR 359.3 million). Further details are presented under [29] "Post-employment benefit obligations" in Section H. Notes on the consolidated statement of financial position. All parameters are reviewed annually.

f) Fair value measurement of financial instruments
If the fair values of recognized financial assets and financial liabilities cannot be measured using quoted prices in active markets, they are determined using valuation techniques, including the discounted cash flow method. The input factors used in the model are based on observable market data as far as possible. If such data is not available, the determination of fair values is largely based on discretionary decisions by management. The discretionary decisions relate to input factors such as liquidity risk, default risk, and volatility. Changes in the assumptions made for these factors may affect the fair values of the financial instruments. Further information can be found under [33] "Additional disclosures on financial instruments—carrying amounts and fair values by measurement category IFRS 9" in Section H. Notes on the consolidated statement of financial position.

g) Development costs
Development costs are capitalized in accordance with the accounting policies set out in Section F. Initial recognition of development costs is based on an assessment by management that the development is both technically and economically feasible. Generally, this is the case if a product development project has reached a certain milestone within an existing project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied, and the expected period of benefits. As of 31 December 2021, the carrying amount of capitalized development costs was EUR 13.7 million (2020: EUR 11.8 million).

h) Allowance for expected credit losses on trade receivables and receivables from financial services
The Würth Group uses an allowance matrix in order to calculate expected credit losses on trade receivables and receivables from financial services. The allowance rates are determined on the basis of days past due for various customers (grouped according to criteria such as geographical region, credit rating, and credit insurance coverage).
The allowance table is initially based on the historical default rates within the Würth Group. The Würth Group then calibrates the table in order to adjust its historical loan defaults to future-related information. If, for example, it is assumed that forecast economic conditions (such as gross domestic product) will deteriorate in the course of the coming year, which could lead to an increase in loan defaults, then the historical default rates are adjusted. Historical default rates are updated and changes in future-oriented estimates are analyzed on each reporting date.
The assessment of the relationship between historical default rates, forecast economic conditions, and expected loan defaults represents a material estimate. The amount of expected loan defaults depends on changes in circumstances and the forecast economic environment. Historical loan defaults within the Würth Group and the forecast of the general economic conditions may not be representative of the actual defaults of customers in the future. Information on expected credit losses on trade receivables of the Würth Group is provided in [18] "Trade receivables" in Section H. Notes on the consolidated statement of financial position.
For receivables from financial services that are valued at amortized cost, the first step is to calculate the impairment at the 12-month credit loss. In cases involving receivables from financial services whose default risk has increased significantly since initial recognition, the impairment loss is calculated based on the expected losses over the remaining term.

i) Purchase price liabilities from business combinations and/or acquired operations
Some business combinations involve conditional purchase price components, or the seller is granted put options for non-controlling interests. The resulting purchase price liabilities are subject to estimates in the form of the objectives that can be achieved in the future and with respect to the present value assumptions for the future purchase prices. They are measured at fair value on each reporting date.

j) Purchase price receivables for sold subsidiaries
Company disposals are sometimes associated with conditional purchase price components. The resulting purchase price receivables are subject to estimates regarding the present value assumptions for the future purchase price payments.

k) Determining the term of leases featuring extension and termination options—the Würth Group as the lessee
The Würth Group defines the lease term based on the non-cancelable basic term of the lease and taking periods resulting from an option to extend the lease into account as long as it is reasonably certain that it will exercise this option. If it is reasonably certain that the option will not be exercised, only the periods resulting from the option up to the time of termination of the lease are included.
The Würth Group has entered into leases featuring extension and termination options. Assessing whether it is reasonably certain that the lease extension/termination option will be exercised or not is a process that involves discretionary decisions. This means that it considers all of the relevant factors that give it a financial incentive to exercise the extension or termination option. After the commencement date, the Würth Group reassesses the lease terms upon the occurrence of a significant event or a significant change in circumstances that are within its control and have an impact on whether it will exercise the lease extension or termination option or not (e.g., if significant leasehold improvements are made or if the underlying asset is considerably altered).

l) Leases—estimate of the incremental borrowing rate
It is not possible for the Würth Group to readily determine the interest rate on which the lease is based. This is why it applies its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the interest rate that the Würth Group would have to pay to borrow the funds required to finance an asset of a similar value to the right-of-use asset in a comparable economic situation with a similar term and similar collateral arrangements. This means that the incremental borrowing rate reflects the interest that the Würth Group "would have to pay." If no observable interest rates are available, the incremental borrowing rate has to be estimated. Further details are provided in Section F. Accounting policies.

Effects of new accounting standards
The adopted accounting policies are consistent with those of the prior fiscal year, except that the Group has adopted the revised IFRS standards and IFRIC interpretations set out below that are mandatory for fiscal years beginning on or after 1 January 2022:

- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16: "Interest Rate Benchmark Reform—Phase 2"**
- **Amendments to IFRS 16: "Covid-19-Related Rent Concessions beyond 30 June 2021"**

The adoption of these standards is described below:

The amendments to **IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16: "Interest Rate Benchmark Reform—Phase 2"** provides temporary relief to users for the financial reporting impact that will result from replacing Interbank Offered Rates (IBORs) with alternative near-risk-free rates (RFRs). The amendments provide for the following practical expedients:
- A practical expedient that allows contract modifications or changes in contractual cash flows that result directly from the reform—such as fluctuations in a market interest rate—to be treated as changes in a variable interest rate
- A practical expedient that permits changes to the formal designation and documentation of a hedge accounting relationship required due to the IBOR reform without resulting in the discontinuation of hedge accounting
- A temporary exemption from the separately identifiable requirement when an RFR instrument is used to hedge a risk component

These amendments did not have any impact on the consolidated financial statements of the Würth Group.

On 28 May 2020, the IASB published **amendments to IFRS 16: "Covid-19-Related Rent Concessions."** The amendments grant lessees relief in applying the rules set out in IFRS 16 on accounting for lease modifications due to COVID-19-related rent concessions. As a practical expedient, lessees can elect not to assess whether a COVID-19-related rent concession is a lease modification. Lessees that apply the exemption account for any qualified changes in the lease payments resulting from the COVID-19-related rent concession as if the change were not a lease modification—corresponding to the procedure under IFRS 16. Originally, these changes were to apply until 30 June 2021. However, since the COVID-19 pandemic is still ongoing, on 31 March 2021, the IASB extended the application period of the practical expedient until 30 June 2022. The amendments are effective for fiscal years beginning on or after 1 April 2021. To date, the Würth Group has not received any rent concessions in connection with COVID-19.

Published standards endorsed by the EU in the comitology procedure that are not yet effective

Standards issued but not yet effective by the date of issuance of the consolidated financial statements of the Würth Group are listed below. This listing of standards and interpretations issued includes those that the Würth Group reasonably expects to have an effect on disclosures in the notes, net assets, financial position, and results of operations when applied on a future date. The Würth Group intends to apply these standards as soon as they become mandatory and does not expect them to have any significant impact on the Würth Group's financial statements.

On 25 June 2020, the IASB published an **amendment to IFRS 4 "Insurance Contracts."** The amendment temporarily exempts insurers from applying the provisions of **IFRS 9 "Financial Instruments"** until 31 December 2022. Originally, this exemption for insurers was limited until 31 December 2020. The exemption was set to expire for fiscal years that began on or after 1 January 2021. The exemption has now been extended for two years. This means that the provisions set out in IFRS 9 "Financial Instruments" are mandatory for insurers for the first time for fiscal years beginning on or after 1 January 2022.

In May 2020, the IASB published amendments to **IFRS 3 "Business Combinations—Reference to the Conceptual Framework."** The amendments replace the reference to the Conceptual Framework for Financial Reporting issued in 1989 with a reference to the Conceptual Framework for Financial Reporting issued in March 2018, without making any significant changes to the existing provisions of the standard. The Board has also introduced an exemption to the recognition principles in IFRS 3 to avoid day 2 gains or losses arising on separately recognized liabilities and contingent liabilities within the scope of IAS 37 or IFRIC 21 levies. At the same time, the Board decided to amend the standard to include clarification that the existing regulations for contingent assets in IFRS 3 are not affected by the replacement of the reference to the Conceptual Framework for Financial Reporting. The amendments apply to fiscal years beginning on or after 1 January 2022 and are to be applied prospectively.

In May 2020, the IASB published amendments to **IAS 16 "Property, Plant, and Equipment: Proceeds before Intended Use."** The amendments prohibit deducting from the cost of an item of property, plant, and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items and the cost of producing those items, in profit or loss. The amendments are effective for fiscal years beginning on or after 1 January 2022 and are to be applied retrospectively to items of property, plant, and equipment that are brought to the condition necessary for them to be capable of operating on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

In May 2020, the IASB published **an amendment to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts—Cost of Fulfilling a Contract"** to specify which costs a company should include when assessing whether a contract is onerous. The amendment focuses on costs that relate directly to the contract (directly related cost approach). The costs associated with the performance of contracts for the supply of goods or the rendering of services can either be the directly attributable (incremental) costs of fulfilling that contract or overheads that relate directly to activities for fulfilling contracts. General administrative expenses do not relate directly to the contract, meaning that they are not classed as costs of fulfilling that contract, unless the contract explicitly provides for these costs to be charged to customers.
The amendments are effective for fiscal years beginning on or after 1 January 2022. The Würth Group will apply these amendments to contracts with outstanding obligations at the beginning of the fiscal year in which it first applies the amendments.

As part of its Annual Improvements to IFRS Standards 2018–2020, the IASB has published an **amendment to IFRS 9 "Financial Instruments—Fees in the '10 per cent' Test for Derecognition of Financial Liabilities."** The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. This includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. An entity shall apply the amendment to financial liabilities that are modified or exchanged at or after the beginning of the fiscal year in which the entity first applies the amendment. The amendment is effective for fiscal years beginning on or after 1 January 2022. Earlier adoption is permitted. The Würth Group will apply the amendment to financial liabilities that are modified or exchanged at or after the beginning of the fiscal year in which it first applies the amendment.

Published standards not yet endorsed by the EU in the comitology procedure

The IASB has published the following standards and interpretations whose adoption was not yet mandatory in the 2021 fiscal year. These standards and interpretations have not yet been recognized by the EU and will be applied by the Würth Group as soon as they come into force. This listing of standards and interpretations issued includes only those that the Würth Group reasonably expects to have an effect on disclosures in the notes, net assets, financial position, and results of operations. The Würth Group intends to apply these standards as soon as they become mandatory and does not expect them to have any significant impact on the Würth Group's financial statements.

In January 2020, the IASB issued **amendments to IAS 1: Classification of Liabilities as Current or Non-current** to clarify the requirements for classification.

The amendments clarify the following:

- The right to defer settlement of a liability is explained.
- The right to defer settlement of a liability must be in place at the end of the reporting period.
- Classification is unaffected by expectations about whether an entity will exercise this right.
- It is only in cases involving a derivative embedded in a convertible liability that is an equity instrument to be recognized separately that the terms of the debt instrument do not affect its classification.

The amendments apply to fiscal years beginning on or after 1 January 2022 and are to be applied retrospectively. The Würth Group is currently assessing what impact the amendments will have on current accounting practice and whether existing credit agreements may need to be renegotiated.

The IASB published **IFRS 17 "Insurance Contracts"** in May 2017, a comprehensive new accounting standard setting out principles for recognition, measurement, presentation, and disclosure requirements with regard to insurance contracts. When it comes into force, IFRS 17 will replace IFRS 4 "Insurance Contracts," which was published in 2005. IFRS 17 is to be applied, irrespective of the type of issuing entity, to all types of insurance contracts (i.e., life insurance, property insurance, direct insurance, and reinsurance) and to certain guarantees and financial instruments. Individual exemptions apply in terms of the scope of application. The overall objective of IFRS 17 is to create a more useful and more uniform accounting model for insurers. Unlike the provisions of IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the General (building block) Model, supplemented by:

- A specific adaptation for contracts with direct participation features (the Variable Fee Approach)
- A simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 is to apply for the first time to fiscal years beginning on or after 1 January 2023 Comparative figures must be provided. Early application is permitted if the entity already applies IFRS 9 and IFRS 15 or applies them for the first time at the same time as IFRS 17. The Würth Group does not intend to apply IFRS 17 early.

In February 2021, the IASB issued **amendments to IAS 8: Accounting Policies and Accounting Estimates**, which introduced a new definition of accounting estimates. The amendments clarify how changes in accounting estimates differ from changes in accounting policies and error corrections. They also explain how companies can make accounting estimates using measurement techniques and inputs. The amendments apply to fiscal years beginning on or after 1 January 2023, and are to be applied to changes in accounting policies and accounting estimates that occur at or after the beginning of that fiscal year. Earlier application is permitted, provided that this fact is stated.

In February 2021, the IASB issued **"Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)"** in which it provides guidance and illustrative examples to help entities assess when information about accounting policies is "significant" and should therefore be disclosed. The amendments are intended to assist entities in making disclosures about accounting policies that are more helpful to users of financial statements by replacing the requirement to disclose "significant" accounting policies with the requirement to disclose "material" information about accounting policies and by adding guidance to help entities apply the concept of materiality in assessing when to disclose information about accounting policies. The amendments to IAS 1 are effective for fiscal periods beginning on or after 1 January 2023. Earlier adoption is permitted. As the amendments to Practice Statement 2 provide non-binding application guidance on the definition of “material” in relation to accounting policy disclosures, an effective date for the amendments was not considered necessary.

C. Consolidated group

The consolidated financial statements of the Würth Group include parent companies at the same organizational level as well as all domestic and foreign entities in which the parent companies at the same organizational level hold a majority of the voting rights, either directly or indirectly, and thus have the possibility to exercise control over these entities. The parent companies—and hence the entire Würth Group—are subject to common control by the Central Managing Board. One exception is Zebra S.A. Luxemburg, Luxembourg, whose inclusion is based on the right to variable returns generated by the company and the ability to direct the main activities that significantly affect the company’s returns. The consolidated group is therefore based on the Würth Group’s uniform ownership, organizational, and management structure, as only this presentation gives a true and fair view of the Würth Group. Determining the consolidated group in accordance with IAS 27/IFRS 10 would not portray a true and fair value of the net assets, financial position, and results of operations because transactions between the subgroups thereby created would not be presented accurately. In this case, the subgroups would provide an incomplete and misleading presentation of the economic and financial conditions of the Würth Group regarding practically every item of the consolidated financial statements.

Subsidiaries are fully consolidated as of their date of acquisition, being the date on which the Würth Group obtains control, and continue to be consolidated until the date on which such control by the parent ceases.

The cost of subsidiaries and business operations acquired comprises the consideration transferred plus any non-controlling interests.

The major changes to the consolidated group in comparison to the prior year on account of acquisitions are as follows:

On 15 March 2021, the Würth Group acquired 100 percent of the shares and voting rights in ORR Safety Corporation, Louisville, Kentucky, USA. The company operates in the Würth Line Industry business unit and sells personal protective equipment (PPE) products to industrial customers.

in millions of EUR	Fair value at acquisition date	Previous carrying amount
Assets		
Customer base	16.9	0.0
Right-of-use assets	2.6	2.6
Other property, plant, and equipment	1.2	1.2
Inventories	12.4	12.4
Trade receivables	10.1	10.1
Other assets	2.8	2.8
Cash and cash equivalents	0.7	0.7
	46.7	29.8
Liabilities		
Financial liabilities	5.6	5.6
Lease liabilities	2.6	2.6
Trade payables	6.7	6.7
Amounts due to employees	2.5	2.5
Other liabilities	3.4	3.4
	20.8	20.8
Total identifiable net assets	**25.9**	**9.0**
Goodwill arising from the business combination	2.4	
Consideration transferred	**28.3**	
Transaction costs	1.1	
Cash acquired with the subsidiary	0.7	
Net cash outflow	**28.7**	

Since the acquisition date, the company has contributed EUR 62.6 million to sales. The net loss for the year came in at EUR 18.3 million. If the company had been acquired at the beginning of the year, then the sales for 2021 would have amounted to EUR 80.3 million and the net loss for the year to EUR 18.9 million.

The following acquisitions were also made:

On 26 February 2021, the Würth Group acquired 100 percent of the shares and voting rights in Kaczmarek Electric S.A., Wolsztyn, Poland. In return, 40 percent of the shares in the acquiring company W.EG Polska Sp. z. o. o., Poznan, Poland, were transferred to the seller. The acquired company operates in the electrical wholesale business in Poland and the plan is that it will accelerate access to new markets there.

On 12 May 2021, the Würth Group acquired 100 percent of the shares and voting rights in enfas GmbH, Karlshuld, Germany. The company is a development service provider in the field of electromobility and charging technology and operates in the Electronics business unit. At the same time, the Würth Group acquired 100 percent of the shares and voting rights in enspring GmbH, Halle (Saale), Germany, which was subsequently merged with enfas GmbH, Karlshuld, Germany.

On 2 August 2021, the Würth Group acquired 100 percent of the shares and voting rights in C.I.C.M.P. Vertriebs-GmbH, Kirchberg-Thening, Austria. The acquisition was made in the Screws and Standard Parts business unit and is intended to allow the company to enter the Austrian market for trading in hydraulic connection technology.

On 2 August 2021, the Würth Group acquired the business operations of Hermance & Strouse, Inc., Williamsport, Pennsylvania, USA, which were incorporated into the existing company Wurth Baer Supply Co., Vernon Hills, Illinois, USA. The company sells power tools for the woodworking industry and is assigned to the Würth Line Craft business unit.

in millions of EUR	Kaczmarek Electric S.A.	enfas GmbH/ enspring GmbH	C.I.C.M.P. Vertriebs-GmbH	Hermance Machine Company Inc.	Other	Total
Assets						
Franchises, industrial rights, licenses, and similar rights	0.1	0.0	0.1	0.0	0.0	0.2
Goodwill	4.3	0.0	0.0	0.0	0.0	4.3
Customer relationships and similar assets	6.7	4.0	2.3	3.9	1.8	18.7
Right-of-use assets	0.4	0.2	1.0	1.2	0.0	2.8
Other non-current assets	9.1	0.4	0.3	0.6	0.0	10.4
Financial assets	0.1	0.0	0.0	0.0	0.0	0.1
Inventories	15.8	0.1	2.9	4.4	0.0	23.2
Receivables and other assets	19.4	0.5	1.2	0.8	0.0	21.9
Cash and cash equivalents	0.6	0.1	0.6	0.0	0.0	1.3
	56.5	**5.3**	**8.4**	**10.9**	**1.8**	**82.9**
Equity and liabilities						
Deferred tax liabilities	1.3	1.3	0.6	0.0	0.0	3.2
Non-current liabilities	3.1	0.1	0.9	1.2	0.0	5.3
Current liabilities	38.4	2.5	3.8	5.3	0.0	50.0
	42.8	**3.9**	**5.3**	**6.5**	**0.0**	**58.5**
Basic purchase price	12.3	1.4	3.1	3.4	1.8	22.0
Conditional purchase price payment	1.4			1.0		2.4
Consideration transferred	**13.7**	**1.4**	**3.1**	**4.4**	**1.8**	**24.4**
Pro rata sales	123.9	0.9	4.5	10.0	0.0	139.3
Share of profit/loss	4.3	-0.8	0.3	0.3	0.0	4.1
Pro forma sales in 2021	141.2	2.4	11.9	24.8	0.1	180.4
Pro forma profit/loss in 2021	4.1	-1.6	0.7	1.6	-0.2	4.6

By exercising the put option held by the shareholders of the non-controlling interests, the Würth Group acquired the remaining 21 percent of the shares in MEF S.r.l., Florence, Italy, effective 6 May 2021. A financial liability of EUR 5.1 million was paid for these non-controlling interests. Due to the higher repayment amount, an additional expense of EUR 0.4 million was incurred.

The Würth Group also acquired the remaining 21 percent of the shares in M.E.B. Srl, Schio, Italy, on 13 September 2021, again by exercising the put option of the shareholders of the non-controlling interests.
A financial liability of EUR 17.2 million was paid for these non-controlling interests. Due to the higher repayment amount, an additional expense of EUR 1.6 million was incurred.

Expenses amounting to EUR 66.2 million (2020: EUR 93.1 million), resulting from the amortization, depreciation, and impairment of assets identified in the course of purchase price allocation were recognized in connection with company acquisitions from prior years.

In the 2021 fiscal year, contingent purchase price liabilities from acquisitions in the amount of EUR 0.0 million (2020: EUR 6.1 million) were remeasured and derecognized through profit and loss. In addition, purchase price liabilities from company acquisitions in previous years amounting to EUR 0.7 million (2020: EUR 2.5 million) were settled in the 2021 fiscal year.

As of 1 March 2021, the Würth Group sold 51 percent of its shares in TUNAP Cosmetics GmbH, Kematen in Tyrol, Austria. The assets and liabilities of this company had been presented in the consolidated statement of financial position for the 2020 financial year under assets classified as held for sale and under liabilities in a group of assets classified as held for sale. The sale resulted in a loss of EUR 12.1 million. EUR 7.8 million of this amount had already been recognized in the consolidated income statement for the previous year 2020.

D. Consolidation principles

The consolidated financial statements are based on the financial statements of the parent companies and subsidiaries included in the Group as of 31 December 2021, which have been prepared according to uniform standards.

Acquisition accounting is performed using the acquisition method in accordance with IFRS 3 (revised). Accordingly, the consideration transferred to the seller plus any non-controlling interests and the fair value of the previously held equity interests in the acquiree are offset against the fair value of the acquired assets and liabilities as of the acquisition date. Any remaining differences on the assets side are capitalized as goodwill. Any remaining debit differences are posted to profit or loss. Any contingent consideration is recognized at acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IFRS 9 in the consolidated income statement. If the contingent consideration is classified as equity, it is not remeasured and its subsequent settlement is accounted for within equity. Business combinations achieved in stages where the Group already has control or disposals of shares without a loss of control are recognized directly in equity.

In the case of business combinations achieved in stages that give rise to control over an entity, or in the case of disposals of shares that result in a loss of control, the previously held or remaining equity interests are remeasured at fair value through profit or loss. Under this method, any gains or losses on disposal lacking commercial substance are offset directly in equity in the reserves. The same accounting policies are used to determine the Group's share in equity of all companies accounted for using the equity method. Receivables and liabilities between the consolidated entities are netted. Intercompany profits in inventories and non-current assets are eliminated in the consolidated income statement. Intercompany sales and other intercompany income are netted against the corresponding expense. Deferred tax is recognized for consolidation transactions that are recognized in profit or loss.

Non-controlling interests represent the portion of profit or loss and net assets not attributable to the equity holders of the parent companies in the Group. Non-controlling interests are presented separately in the consolidated income statement and the consolidated statement of financial position. In the consolidated statement of financial position, non-controlling interests are disclosed in equity, separately from the equity attributable to the parent companies in the Group.

E. Foreign currency translation

In the separate financial statements of the entities, non-monetary and monetary items denominated in foreign currency are recognized at the rate prevailing when they were first recorded. Monetary items are translated at the exchange rate as of the reporting date. Any exchange rate gains generated and losses incurred as of the reporting date from the measurement of monetary assets and monetary liabilities denominated in foreign currency are recognized through profit or loss in finance revenue and finance costs, respectively.

The functional currency method is used to translate the financial statements of foreign entities. In the consolidated financial statements, except for equity, the items of the statement of financial position of all foreign entities are translated into euro at closing rates, as the significant Group entities included in the consolidated financial statements conduct their business independently in their local currency, which is the functional currency. Differences compared to the prior-year translation are offset against reserves directly in equity (other comprehensive income). Goodwill is translated at the closing rate as an asset of foreign entities.

Income and expense items are translated using average rates. Differences compared to the closing rate are also recognized directly in equity.

The financial statements of the major subsidiaries in countries outside the European Monetary Union were translated into euro using the following exchange rates:

	Average exchange rates for the fiscal year		Closing rates on the reporting date	
	2021	**2020**	**2021**	**2020**
1 US dollar	0.84629	0.87982	0.87935	0.81726
1 pound sterling	1.16384	1.12408	1.19072	1.11709
1 Canadian dollar	0.67538	0.65354	0.69634	0.64167
1 Australian dollar	0.63547	0.60578	0.63910	0.63058
1 Brazilian real	0.15719	0.17034	0.15783	0.15731
1 Chinese yuan renminbi	0.13093	0.12714	0.13849	0.12496
1 Danish krone	0.13446	0.13415	0.13444	0.13434
1 Norwegian krone	0.09850	0.09342	0.09973	0.09539
1 Polish zloty	0.21866	0.22500	0.21818	0.21927
1 Russian ruble	0.01150	0.01213	0.01173	0.01105
1 Swedish krona	0.09862	0.09540	0.09716	0.09944
1 Swiss franc	0.92459	0.93417	0.96542	0.92455
1 Czech koruna	0.03904	0.03782	0.04024	0.03808
1 Hungarian forint	0.00279	0.00285	0.00271	0.00276

F. Accounting policies

The Würth Group uses transaction date accounting. The financial statements of all consolidated companies have been prepared in line with uniform accounting policies for the Group (IFRS).

Goodwill arising from a business combination is initially measured at cost, which is the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities, and contingent liabilities acquired. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

In accordance with IFRS 3.19, non-controlling interests are measured either based on the proportionate share of identifiable net assets of the acquiree (partial goodwill) or at fair value (full goodwill). This decision can be made on a transaction-by-transaction basis for each business combination and is not an accounting policy choice that determines the accounting treatment for all business combinations to be carried out by the Würth Group.

Recognized goodwill is tested for impairment on an annual basis and when there is any indication that it may be impaired. The impairment test for goodwill is carried out at the level of the cash-generating unit. The cash-generating unit is defined as the legal entity, with the exception of the companies HSR and Indunorm, as well as ORR Safety and Northern Safety.

The impairment loss is determined by calculating the recoverable amount of the cash-generating unit to which goodwill relates. If the recoverable amount of the cash-generating unit is lower than its carrying amount, an impairment loss is recorded.

Intangible assets acquired separately are initially measured at cost. The cost of an intangible asset acquired in a business combination is its acquisition-date fair value. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be legitimate. If this is not the case, the assessment is prospectively changed from an indefinite to a finite useful life.

Intangible assets with finite lives are amortized over their useful life using the straight-line method and tested for impairment whenever there is any indication that the intangible asset may be impaired. The useful life and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each fiscal year. The necessary changes in the amortization method and the useful life are treated as changes to estimates. Amortization of intangible assets with a finite useful life is reported in the consolidated income statement under amortization and depreciation. Capitalized customer relationships, software, franchises, and other licenses are amortized over a useful life of three to fifteen years.

Intangible assets with an indefinite useful life and intangible assets that are not ready for use are tested for impairment at least once a year. Such intangibles are not amortized as scheduled. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be legitimate.

If all prerequisites of IAS 38.57 are met, internally generated intangible assets are reported at the amount of the directly attributable development costs incurred. Borrowing costs are capitalized. Capitalization ceases when the asset is finished and released. Pursuant to IAS 38.57, development costs may only be capitalized if an entity can demonstrate that all of the following six prerequisites have been satisfied:

- The technical feasibility of completing the asset so that it will be available for use or sale
- The intention to complete the intangible asset and use or sell it
- The ability to use or to sell the intangible asset
- The verification that the intangible asset will generate probable future economic benefits
- The availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset
- The ability to measure reliably the expenditure attributable to the intangible asset during its development

The Würth Group estimated the customary useful life of the recognized internally generated intangible assets to be three to seven years.

Costs of research and general development are immediately recorded as an expense in accordance with IAS 38.54.

Property, plant, and equipment are stated at amortized cost. Repair costs are expensed immediately. Costs of conversion contain directly allocable costs (such as direct materials and labor) and fixed and variable production overheads (such as materials and production overheads) including appropriate depreciation of the production plant based on ordinary capacity utilization. Borrowing costs are capitalized, provided the requirements for a qualifying asset are met. Except for land and land rights, property, plant, and equipment are generally depreciated using the straight-line method, unless a different depreciation method better reflects the pattern of consumption.

Depreciation is computed according to the Group's following uniform useful lives:

Buildings	25–40 years
Furniture and fixtures	3–10 years
Technical equipment and machines	5–15 years

The residual values of the assets, useful lives, and depreciation methods are reviewed at the end of each fiscal year and adjusted if necessary.

An item of property, plant, and equipment or an intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the disposal of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year the asset is derecognized.

An impairment test is performed at the end of the fiscal year for all intangible assets, property, plant and equipment, and right-of-use assets if events or changes in circumstances indicate that the carrying amount of the assets exceeds their recoverable amount or if an annual impairment test is required. If the recoverable amount of the asset falls short of the carrying amount, an impairment loss is recognized. The recoverable amount is the higher of an asset's net selling price and its value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction less the costs necessary to make the sale. Value in use is the present value of estimated future cash flows expected to arise from the continued use of an asset and from its disposal at the end of its useful life. The recoverable amount is determined for each asset individually or, if that is not possible, for the cash-generating unit.

Impairment losses recognized for an asset in profit or loss in prior years are reversed when there is any indication that the impairment no longer exists or has decreased. Any reversal is posted to profit or loss. A reinstatement or reversal of the impairment loss recorded on an asset cannot, however, exceed the amortized cost that would have been recognized without the impairment. Impairment losses recognized on goodwill are not reversed.

The **right-of-use assets** relate to leases in which the Würth Group is the lessee. More information is available under "Leases" in Section F. Accounting policies.

Upon **initial recognition and measurement, financial assets** are classified as either measured at amortized cost or at fair value through profit or loss. The classification of financial assets upon initial recognition depends on the characteristics of the contractual cash flows of the financial assets and on the business model of the Würth Group for controlling its financial assets. The Würth Group measures a financial asset at fair value plus transaction costs. Trade receivables that do not contain a significant financing component or for which the Würth Group has used the practical aid approach are valued at the transaction price determined in accordance with IFRS 15. In this context, reference is made to revenues from contracts with customers in Section F. Accounting policies. In order for a financial asset to be classified and measured at amortized cost, cash flows may consist solely of principal and interest payments (SPPI) on the outstanding principal amount. This assessment is called the SPPI test and is carried out at the level of the individual financial instrument.
The business model of the Würth Group for managing its financial assets reflects how the Würth Group manages its financial assets in order to collect cash flows. Depending on the business model, cash flows arise from the receipt of contractual cash flows, the sale of financial assets, or both.

For subsequent measurement, financial assets are classified into the following categories:

- Financial assets measured at amortized cost (debt instruments) = AC
- Financial assets reported at fair value through profit or loss = FVTPL

The category of **financial assets measured at amortized cost (debt instruments)** is the most significant for the consolidated financial statements of the Würth Group. The Würth Group values financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within the framework of a business model whose objective is to hold financial assets in order to collect the contractual cash flows
- The contractual terms of the financial asset result in cash flows at specified points in time that represent only principal and interest payments on the outstanding principal amount

Financial assets measured at amortized cost are measured in subsequent periods using the effective interest method and are tested for impairment. Gains and losses are recognized in the income statement when the asset is derecognized, modified, or impaired.
The financial assets of the Würth Group measured at amortized cost include trade receivables, receivables from banking business, and other financial assets and securities reported as debt instruments.

The category of **financial assets measured at fair value through profit or loss** includes financial assets held for trading that are designated as at fair value through profit or loss upon initial recognition, or financial assets that are required

to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of sale or repurchase in the near future. Derivatives are also classified as held for trading with the exception of derivatives designated as hedging instruments and effective as such. Financial assets with cash flows that do not exclusively represent principal and interest payments are classified as at fair value through profit or loss irrespective of the business model and measured accordingly.
Notwithstanding the above criteria for classifying debt instruments into the category "measured at amortized cost," debt instruments may be classified as at fair value through profit or loss on initial recognition if this eliminates or significantly reduces an accounting mismatch.
Financial assets at fair value through profit or loss are recognized in the consolidated statement of financial position at fair value, with changes in fair value being recognized in the consolidated income statement on a net basis. This category comprises derivative financial instruments, listed debt instruments, and listed and unlisted equity instruments for which the Würth Group has not irrevocably decided to classify them as at fair value through equity in other comprehensive income. Dividends from listed equity instruments are also recognized as other income in the consolidated income statement if there is a legal claim to payment.

Financial assets (or part of a financial asset or part of a group of similar financial assets) are mainly derecognized (i.e., removed from the consolidated statement of financial position of the Würth Group) if one of the following conditions is fulfilled:

- The contractual rights to receive cash flows from the financial asset have expired.
- The Würth Group has transferred its contractual rights to receive cash flows from the financial asset to third parties or has assumed a contractual obligation to immediately pay the cash flow to a third party within the framework of a so-called pass-through agreement and has either (a) essentially transferred all opportunities and risks associated with ownership of the financial asset or (b) essentially neither transferred nor retained all opportunities and risks associated with ownership of the financial asset, but has transferred the power of disposal over the asset.

When the Würth Group transfers its contractual rights to receive cash flows from an asset or enters into a pass-through agreement, it assesses whether and to what extent the opportunities and risks associated with ownership remain with it. If it neither transfers nor retains the majority of all risks and rewards of ownership of the asset nor transfers control of the asset, it continues to recognize the transferred asset to the extent of its continuing involvement. In this case, the Würth Group also recognizes an associated liability. The transferred asset and the associated liability are valued in such a way that the rights and obligations retained by the Würth Group are taken into account.
If the form of the sustained commitment guarantees the transferred asset, the extent of the sustained commitment corresponds to the lower of the original carrying amount of the asset and the maximum amount of the consideration received that the Würth Group might have to repay.

Additional information concerning the **impairment of financial assets** is provided in the following notes:

- "Use of estimates and judgments" in Section B. Adoption of International Financial Reporting Standards
- [15] "Receivables from financial services" in Section H. Notes on the consolidated statement of financial position
- [18] "Trade receivables" in Section H. Notes on the consolidated statement of financial position

The Würth Group records an allowance for expected credit losses for all debt instruments that are not measured at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows to be paid in accordance with the contract and the sum of the cash flows that the Würth Group expects to receive, discounted at an approximate value of the original effective interest rate. The expected cash flows include the cash flows from the sale of collateral held or other credit collateral that is an integral part of the terms of the contract. Expected credit losses are recognized in two steps. For financial instruments whose default risk has not increased significantly since initial recognition, a provision is recognized in the amount of the expected credit losses based on a default event within the next twelve months (12-month credit loss). For financial instruments whose default risk has significantly increased since their initial recognition, the Würth Group has to record a risk provision in the amount of the credit losses expected over the remaining term, irrespective of when the default event occurs (total term credit loss).

For trade receivables, the Würth Group uses a simplified method for calculating expected credit losses. It therefore does not track changes in credit risk, but instead recognizes a provision for losses on loans and advances at each reporting date on the basis of the total term credit loss. The Würth Group has prepared an impairment matrix based on its previous experience with credit losses and adjusted for future-related factors specific to the borrowers and the economic environment.

Financial liabilities are classified as loans, liabilities, or derivatives designated and effective as hedging instruments upon initial recognition and measurement **as financial liabilities at fair value through profit or loss.** All financial liabilities are initially measured at fair value and, in the case of financial liabilities and liabilities, less any directly attributable transaction costs. The financial liabilities of the Würth Group comprise trade payables and other liabilities, bonds, and liabilities to banks including overdrafts and derivative financial instruments.

The **subsequent measurement of financial liabilities** accordingly depends on their classification:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include derivative financial instruments concluded by the Würth Group and liabilities from company acquisitions. Realized gains and losses are recognized through profit or loss. Financial liabilities are classified as at fair value through profit or loss at the time of initial recognition if the criteria in IFRS 9 are met.

Financial liabilities
After initial recognition, interest-bearing bonds, liabilities to banks, and liabilities under leases are measured at amortized cost using the effective interest method. Amortization using the effective interest method is included in the consolidated income statement as part of financial expenses. In addition, financial liabilities include liabilities to other companies that are measured at fair value through profit or loss. These are minority interests reported as liabilities or a liability to minority shareholders from a put option for the acquisition of further minority interests.
Further information can be found under [27] "Financial liabilities" in Section H. Notes on the consolidated statement of financial position.

Financial liabilities are derecognized when the underlying obligation has been discharged, canceled, or expired. If an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or if the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the respective carrying amounts is recognized in profit or loss.

Financial assets and financial liabilities are offset when there is a present legal right to set off the recognized amounts against each other and it is intended to settle on a net basis or to settle the associated liability simultaneously with the realization of the asset. In this case, the net amount is shown in the consolidated statement of financial position.

All **assets and liabilities** for which the fair value is calculated or is reported in the financial statements of the Würth Group are allocated to the fair value hierarchy described below based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Valuation procedures in which the lowest level input factor that is relevant to valuation at fair value as a whole can be directly or indirectly observed on the market
- Level 3: Valuation procedures in which the lowest level input factor that is relevant to valuation at fair value as a whole cannot be observed on the market

The Würth Group uses **derivative financial instruments** such as forward exchange contracts and interest rate swaps to hedge against exchange rate and interest rate risks. These derivative financial instruments are recognized at fair value through profit or loss at the inception of the contract and remeasured to fair value in subsequent periods. Derivative financial instruments are recognized as financial assets if their fair value is positive and as financial liabilities if it is negative.

Derivative financial instruments used as hedges are classified as follows for accounting purposes:

- As fair value hedges if they hedge the risk of fluctuations in the fair value of a recognized asset or liability, or a firm commitment not recognized in the balance sheet.
- As cash flow hedges if they hedge the risk of fluctuations in cash flows that can be allocated to the risk associated with a recognized asset, a recognized liability, or a highly probable future transaction, or the foreign currency risk associated with an unrecognized firm commitment.

Since 1 January 2018, documentation has included the identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and the manner in which the Würth Group will assess whether the hedging relationship meets the requirements for hedge effectiveness (including its analysis of the causes of hedge ineffectiveness and the manner in which the hedging ratio is determined). A hedging relationship meets the requirements for hedge accounting only if all of the following criteria are met:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of the default risk has no dominant influence on the changes in value resulting from this economic relationship.
- The hedging ratio of the hedging relationship corresponds to that resulting from the volume of the underlying transaction actually hedged by the Würth Group and the volume of the hedging instrument actually used by the Würth Group to hedge this volume of the hedged underlying transaction.

Hedging transactions that meet all of the criteria for hedge accounting are recognized as follows:

Fair value hedge
The change in the fair value of the hedging instrument is recognized in the financial result of the consolidated income statement. The change in the fair value of the underlying transaction that can be attributed to the hedged risk is recognized as part of the carrying amount of the hedged underlying transaction and is also recognized in the financial result in the consolidated income statement. For fair value hedges relating to items carried at amortized cost, the adjustment to the carrying amount is amortized through profit or loss over the remaining term to maturity of the hedge using the effective interest rate method. Effective interest rate amortization can begin as soon as an adjustment exists but no later than when the underlying transaction ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the underlying transaction is derecognized, then the fair value that has not yet been amortized is recognized in the consolidated income statement with immediate effect.
When an unrecognized firm commitment is designated as the underlying transaction, the subsequent cumulative change in the fair value of the commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recorded in the consolidated income statement. Additional information can be found under [4] “Financial instruments” in Section I. Other notes.

Cash flow hedge
The effective part of the profit or loss resulting from a hedging instrument is posted to other comprehensive income in the reserve for cash flow hedges, while the ineffective part is recognized in the income statement with immediate effect. The reserve for cash flow hedges is adjusted to the lower of the following amounts:

- The cumulative gain or loss on the hedging instrument from inception of the hedge
- The cumulative change in the fair value of the hedged item

The Würth Group designates cash flow hedges as part of its strategy to reduce its interest rate and foreign currency revaluation fluctuations within defined limits and to reduce the cash flow fluctuations resulting from the exchange rate and interest rate risks of an instrument or a group of instruments.

The amounts accumulated in other comprehensive income are recognized depending on the nature of the hedged item. If the hedged transaction subsequently results in the recognition of a non-financial item, the cumulative amount recognized in equity is transferred from the separate component of equity to the initial cost or other carrying amount of the hedged asset or liability. This does not represent a reclassification amount and is therefore not recognized in other comprehensive income in the reporting period. This also applies in cases where the hedged forecast transaction for a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied. For all other cash flow hedges, the cumulative amount recognized in other comprehensive income is reclassified to the consolidated income statement as a reclassification adjustment in the same period or periods in which the hedged cash flows affect profit or loss.

If hedge accounting for cash flow hedges is discontinued, the cumulative amount recognized in other comprehensive income remains in equity if it is still expected that the hedged future cash flows will occur. Otherwise, the amount is immediately reclassified to the consolidated income statement as a reclassification adjustment. After the termination of recognition, any amount remaining in accumulated other comprehensive income when the hedged cash flows occur shall be accounted for in accordance with the nature of the underlying transaction as described above. Additional information can be found under [4] “Financial instruments” in Section I. Other notes.

Receivables and liabilities from financial services include the receivables and liabilities arising from the financial services business. Bank receivables and loans, as well as receivables or loans due from customers, are financial investments with fixed or determinable payments and fixed maturity that are not quoted in an active market. After initial recognition, receivables and liabilities from financial services are carried at amortized cost using the effective interest method less any credit risks. As a lessor, the Würth Group recognizes finance lease assets as receivables from financial services in the consolidated statement of financial position equal to the unsold net investment in the lease. Financial income is recognized to reflect a constant periodic rate of return on the lessor's net investment outstanding. Initial direct costs are immediately expensed. Income on unsold contracts is recognized over the term of the lease. Leases that do not essentially transfer all of the risks and rewards associated with ownership from the Würth Group to the lessee are classified as operating leases. Initial direct costs incurred during the negotiation and conclusion of an operating lease are added to the carrying amount of the leased asset and recorded as an expense during the term of the lease in the same way as leasing income. Conditional rental payments are recognized as income during the period in which they are generated. The Würth Group sells assets from finance leases to receivables purchasing companies as part of "asset backed commercial papers" (ABCP) transactions. Notwithstanding the legal transfer, these must continue to be recognized by the Würth Group where Group entities retain significant risks and rewards on a contractual basis.

Receivables from financial services are tested for impairment in accordance with IFRS 9.

Actual **income taxes** are calculated based on the taxable income in the fiscal year and in accordance with national tax legislation. Additional tax payments/refunds that are expected or have actually been made for previous years are also included.

Deferred taxes result from temporary differences between the IFRS carrying amounts and the tax accounts of the individual entities (except for differences from goodwill arising upon acquisition of shares) and from consolidation entries. Deferred tax assets also include tax credits that result from the expected utilization of existing loss carryforwards in subsequent years. Deferred tax assets for recognition and measurement differences, and for unused tax losses, are only taken into account if they are expected to be realized. Deferred taxes are measured on the basis of the respective local income tax rates. Deferred tax assets and deferred tax liabilities are offset if a Group entity has a legally enforceable right to offset current tax assets and current tax liabilities and these relate to income taxes levied by the same taxation authority on the same taxable entity. Deferred taxes relating to items recognized directly in equity are also posted directly to other comprehensive income. Other deferred taxes are posted to the consolidated income statement.

Inventories are stated at cost of purchase or cost of conversion. Costs of conversion contain directly allocable costs (such as direct materials and labor) and fixed and variable production overheads (such as materials and manufacturing overheads) including appropriate depreciation of the production plant based on ordinary capacity utilization and, in the case of qualifying assets, borrowing costs.

The carrying amounts are calculated using the weighted average cost method.

Risks inherent in inventories from reduced salability are accounted for by recognizing appropriate write-downs to the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Payments on account received from customers are recorded as liabilities.

Cash and cash equivalents include cash, demand deposits, and short-term investments (e.g., money market funds). Cash and cash equivalents are tested for impairment in accordance with IFRS 9.

Assets classified as held for sale and liabilities in a group of assets classified as held for sale are measured at the lower of the carrying amount or the fair value less cost to sell. Non-current assets or disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continued use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Property, plant, and equipment and intangible assets are not depreciated or amortized once classified as held for sale. For details, please refer to [24] "Assets classified as held for sale and liabilities in a group of assets classified as held for sale" in Section H. Notes on the consolidated statement of financial position.

Non-controlling interests include non-controlling interests in share capital, in reserves, and in retained earnings, unless they qualify as liabilities as defined by IAS 32. In this case, they are reported under financial liabilities. Changes in fair value are recognized in financial results in this case.

The **lease liabilities** relate to leases in which the Würth Group is the lessee. More information is available under "Leases" in Section F. Accounting policies.

Post-employment benefit obligations for defined benefit plans are calculated using the projected unit credit method. Future obligations are measured using actuarial methods. Taking account of dynamic components, on occurrence of the insured event, the future benefit obligations are spread over the entire period of service. Actuarial calculations and estimates must be obtained for all benefit plans. Actuarial gains and losses for the defined benefit plan are recognized in full in other comprehensive income in the period in which they occur. Such actuarial gains and losses are also immediately recognized in revenue reserves and are not reclassified to profit or loss in subsequent periods.

The defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate based on high-quality fixed-rate corporate bonds) and the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefit fund or by qualifying insurance policies. Plan assets are not available to the creditors of the Group nor can they be paid directly to the Group. Fair value is based on market price information and, in the case of quoted securities, it is the published bid price. The value of any defined benefit asset recognized is restricted to the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

In the case of defined contribution plans, the respective entity pays contributions to state or private pension companies either as required by law or on a voluntary basis. No further payment obligations arise for the company from the payment of contributions. The amounts are recognized in profit or loss in full.

Provisions are created for all legal or constructive obligations to third parties as of the reporting date that relate to past events, will probably lead to an outflow of resources in the future, and whose amount can be reliably estimated. Provisions are reviewed on each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of the money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. In the discounting process, the increase in the provision reflecting the passage of time is recognized as finance costs. Reversals of provisions are posted against the expense items for which the provisions were set up.

Financial guarantee contracts issued by the Würth Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. These financial guarantee contracts are treated as insurance contracts as defined by IFRS 4, that is to say, the financial guarantee contracts are presented as contingent liabilities until utilization becomes probable. When this is the case, the corresponding obligation is recognized.

The core business of the Würth Group is the distribution of fastening and assembly materials. In addition, there are trading and production companies in related business fields. **Revenue from contracts with customers** is recognized when control of the goods or services is transferred to the customer. This is recorded in the amount of the consideration that the Würth Group is expected to receive in exchange for these goods or services. In principle, the Würth Group has come to the conclusion that it acts as principal in its sales transactions since it usually has control over the goods or services before they are transferred to the customer.

Revenue from the sale of goods is recognized when control of the asset is transferred to the customer. This is generally the case at the time the goods are delivered. Customer-specific contract manufacturing in the Production and Electronics units is one exception to this rule. In individual cases, revenue is realized over a specific period of time in line with the progress of production. Due to the fact that production in these areas is largely "just-in-time" production, however, there is no significant deviation compared with the realization of revenue at a specific point in time. The usual payment period is 30 to 90 days from delivery. The Würth Group examines whether the contract contains other commitments that represent separate performance obligations to which part of the transaction price must be allocated (e.g., warranties, loyalty point programs). When determining the trans action price for the sale of goods, the Würth Group takes into account the effects of variable consideration, the existence of significant financing components, non-cash consideration, and any consideration payable to a customer.

Variable consideration
If contractual consideration contains a variable component, the Würth Group determines the amount of the consideration to which it is entitled in exchange for the transfer of the goods to the customer. The variable consideration is estimated at the inception of the contract and may only be included in the transaction price if it is highly probable that there will be no significant reversal of the recognized cumulative revenue or if the uncertainty surrounding the variable consideration no longer exists. Some contracts for the sale of goods grant customers a right of return or volume discounts. These return rights and volume discounts result in variable consideration.

- Right of return
  Certain contracts give a customer the right to return the products within a specified period. The Würth Group uses the expected value method to estimate the products that are not returned since this method is the most reliable way of estimating the variable consideration to which the Würth Group is entitled. In addition, the provisions of IFRS 15 with respect to the limitation of the estimation of variable consideration are applied to determine the amount of variable consideration that may be included in the transaction price. For expected product returns, the Würth Group recognizes a contract liability instead of proceeds. In addition, an asset from return rights is recognized for the right to receive products returned by a customer.
- Volume discounts
  The Würth Group retrospectively grants certain customers volume discounts as soon as the quantity of products purchased during the period exceeds a contractually agreed minimum purchase quantity. Discounts are offset against the amounts payable by the customer. To estimate the variable consideration for the expected future discounts, the Würth Group applies the most probable amount method for contracts with a single minimum purchase quantity and the expected value method for contracts with several minimum purchase quantities. The choice of the method by which the amount of the variable consideration can most reliably be determined therefore depends primarily on the number of minimum purchase quantities contained in the contract. Subsequently, the Würth Group applies the rules for limiting the estimate of variable consideration and recognizes a contract liability for the expected future discounts.

Costs to obtain the contract
The Würth Group pays its employees sales commissions for contracts resulting in the sale of goods and services. The Würth Group has decided to apply the principle of practical assistance for the costs of initiating a contract. Accordingly, it can immediately recognize sales commission in personnel expenses, as the amortization period for the asset that the Würth Group would otherwise have recognized is not more than one year.

Non-cash consideration
The Würth Group usually offers legally prescribed guarantees for the remedying of defects that existed at the time of sale. In accordance with IAS 37, provisions are formed for these assurance-type warranties. Details of the accounting policy for warranty provisions are given in [30] “Provisions” in Section H. Notes on the consolidated statement of financial position.

In addition, the Würth Group generates **revenue from financial services**. The financial services companies are active in the areas of financing, leasing, retirement plans, property and personal insurance, and asset management. Revenue from financial services is recognized when it is realized or realizable and earned. Interest from interest-bearing assets and liabilities is recognized proportionately over the term of the assets or liabilities concerned using the effective interest method and taking into account any deferred charges and fees as well as premiums or discounts. Commission is recognized when there is sufficient evidence that an agreement exists, the performance has been rendered, the fee or commission has been fixed, and collectability is sufficiently certain.

Trade receivables
A receivable is the unconditional claim of the Würth Group for consideration (i.e., the due date occurs automatically on account of the passage of time). The accounting policies for financial assets are explained in more detail in this Section F. Accounting policies.

Leases
Leases of the Würth Group and their accounting
The Würth Group rents various properties, facilities, and vehicles. While rental agreements tend to be concluded for fixed periods, they can feature extension options. The rental conditions are negotiated individually and include a large number of different terms and conditions.

Leases are recognized in the statement of financial position as right-of-use assets and corresponding lease liabilities at the time when the leased asset is made available for use by the Würth Group. Each lease installment is separated into a repayment portion and a financing expense portion. Finance expenses are recognized in profit or loss over the term of the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability for each item. The right-of-use assets associated with leases are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis:

Right-of-use assets for land, land rights, and buildings incl. buildings on third-party land	2–40 years
Right-of-use assets for technical equipment and machines	2–15 years
Right-of-use assets for other equipment, furniture, and fixtures	2–10 years

On the commencement date, the Würth Group recognizes the lease liabilities at the present value of the lease payments to be made over the term of the lease, for example:

- Fixed payments less any lease incentives receivable
- Variable lease payments that depend on an index or interest rate
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- Payments of penalties for terminating the lease if the lease term reflects that the lessee will exercise an option to terminate the lease.

Lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. Otherwise, discounting is based on the incremental borrowing rate of the lessee in the Würth Group.

Right-of-use assets are measured at cost, comprising the following:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Any initial direct costs incurred by the lessee
- Estimated costs incurred by the lessee in dismantling or removing the underlying asset, restoring the site on which it is located, or returning the underlying asset to the condition specified in the lease agreement

The Würth Group has also entered into leases with a term of twelve months or less, as well as leases of low-value assets. The Würth Group applies the practical expedient for these leased assets, which applies to short-term leases and leases of low-value assets.

In 2021, the Würth Group reported total cash outflows from leases amounting to EUR 365.5 million (2020: EUR 387.7 million). Furthermore, the Würth Group reported non-cash additions to right-of-use assets amounting to EUR 308.7 million in 2021 (2020: EUR 379.3 million).

Further information on the leases of the Würth Group and their accounting treatment can be found under [4] "Other operating income," [6] "Amortization and depreciation," [7] "Other operating expenses," and [8] "Finance revenue/finance costs" in Section G. Notes on the consolidated income statement and under [13] "Right-of-use assets," [28] "Lease liabilities," and [33] "Additional disclosures on financial instruments—carrying amounts and fair values by measurement category IFRS 9" in Section H. Notes on the consolidated statement of financial position.

Extension and termination options

A number of real estate and facility leases within the Würth Group feature extension and termination options. These contractual conditions are used to maintain the Würth Group's operational flexibility with regard to the agreements in force. When determining lease terms, all facts and circumstances that provide an economic incentive to exercise an extension option, or not to exercise a termination option, are taken into account. Changes in the term resulting from the exercise of extension and termination options are only included in the lease term if it is reasonably certain that the lease will be extended, or that the termination option will not be exercised. The assessment is reviewed upon the occurrence of a significant event or a significant change in circumstances that could affect this assessment, provided that this is within the lessee's control.

Residual value guarantees

In some cases, the Würth Group grants residual value guarantees in order to optimize leasing costs during the lease term. The Würth Group estimates the payments expected to be made under residual value guarantees and recognizes them as part of the lease liability. The estimates are reviewed at the end of each period, with adjustments being made if necessary.

Government grants are not recognized until there is reasonable assurance that the company will comply with the conditions attached to the grant and that the company will in fact receive it. Government grants are recognized in profit or loss as scheduled in line with the related expenses that are subsidized by the grants. If grants are issued for the purchase of property, plant, or equipment, the grants are treated as a reduction of the cost of those assets.

Contingent liabilities are potential or present obligations arising from past events that are not likely to result in an outflow of resources and are thus not recorded in the consolidated statement of financial position. The amounts stated correspond to the potential liability as of the reporting date.

In the 2021 fiscal year, the Würth Group's business and economic environment was still impacted by the **COVID-19 pandemic**. The Würth Group did not, however, identify any significant impact on its net assets, financial position, and results of operations resulting from the COVID-19 pandemic beyond the impact referred to in the management report. Effects on the valuation of inventories and receivables were also analyzed, the conclusion being that there have been no significant effects. The Würth Group assumes that the assumptions and estimates, also with regard to the projections for the following fiscal year, adequately reflect the situation at the time the consolidated financial statements were prepared.

Subsequent events that provide additional information about the situation before the reporting date are reflected in the consolidated statement of financial position. Subsequent events that do not result in any adjustments are reported in the notes where material.

G. Notes on the consolidated income statement

[1] Sales

in millions of EUR	2021	2020
Revenue from contracts with customers	16,919.7	14,279.7
Revenue from financial services	140.2	133.3
Total	**17,059.9**	**14,413.0**

Revenues from contracts with customers relate to revenues from the sale of goods and services. These revenues include services amounting to EUR 96.2 million (2020: EUR 74.9 million).

Revenues from financial services contain interest income of EUR 43.8 million (2020: EUR 45.7 million), similar income of EUR 6.3 million (2020: EUR 6.5 million) and commission income of EUR 8.0 million (2020: EUR 9.6 million) from Internationales Bankhaus Bodensee AG, Friedrichshafen, Germany, as well as income from leasing and insurance business of EUR 82.1 million (2020: EUR 71.5 million).

The two following tables show the breakdown of sales revenues by region and business segment.

2021 in millions of EUR	Germany	Western Europe	The Americas	Southern Europe	Eastern Europe	Scandinavia	Asia, Africa, Oceania	Total
Würth Line	2,627.6	1,499.9	2,075.4	1,284.1	515.7	817.4	510.4	**9,330.5**
Allied Companies								
Electrical Wholesale	1,557.1	0.0	0.0	723.2	500.9	0.0	0.0	**2,781.2**
Electronics	515.7	140.4	136.3	71.2	52.3	34.4	174.8	**1,125.1**
Production	411.5	218.4	97.3	22.3	2.0	47.9	37.8	**837.2**
RECA Group	261.9	286.2	0.0	133.1	80.9	0.0	0.0	**762.1**
Chemicals	472.5	59.3	58.3	44.5	3.4	2.5	23.5	**664.0**
Trade	418.7	47.4	0.0	49.3	16.0	0.0	7.4	**538.8**
Tools	329.8	33.5	2.2	0.8	40.5	0.0	12.1	**418.9**
Screws and Standard Parts	154.6	15.7	0.0	100.0	13.8	35.5	13.7	**333.3**
Financial Services	104.0	34.5	0.0	0.0	0.0	1.7	0.0	**140.2**
Other	85.2	30.1	0.2	9.7	0.1	0.0	3.3	**128.6**
Total	**6,938.6**	**2,365.4**	**2,369.7**	**2,438.2**	**1,225.6**	**939.4**	**783.0**	**17,059.9**

2020 in millions of EUR	Germany	Western Europe	The Americas	Southern Europe	Eastern Europe	Scandinavia	Asia, Africa, Oceania	Total
Würth Line	2,335.0	1,283.6	1,764.8	1,046.4	434.7	736.7	452.8	**8,054.0**
Allied Companies								
Electrical Wholesale	1,299.8	0.0	0.0	559.1	298.2	0.0	0.0	**2,157.1**
Electronics	417.6	99.0	97.8	53.5	33.3	28.0	120.0	**849.2**
Production	317.7	174.4	79.7	16.4	2.0	45.3	33.9	**669.4**
RECA Group	244.4	242.2	0.0	113.8	65.5	0.0	0.0	**665.9**
Trade	462.6	45.3	0.0	43.6	13.6	18.0	6.2	**589.3**
Chemicals	426.7	56.4	40.2	36.0	3.4	2.0	11.4	**576.1**
Tools	279.9	27.8	1.9	0.7	35.0	0.0	10.8	**356.1**
Screws and Standard Parts	128.1	9.4	0.0	71.6	10.8	32.2	11.7	**263.8**
Financial Services	102.6	29.1	0.0	0.0	0.0	1.6	0.0	**133.3**
Other	59.0	27.1	0.1	10.5	0.1	0.0	2.0	**98.8**
Total	**6,073.4**	**1,994.3**	**1,984.5**	**1,951.6**	**896.6**	**863.8**	**648.8**	**14,413.0**

Of the revenues from the sale of goods and services, EUR 848.8 million (2020: EUR 567.9 million) was generated in 2021 on a periodic basis. All other revenues were recognized at a specific point in time.

[2] Cost of materials

in millions of EUR	2021	2020
Cost of materials and supplies and of purchased merchandise	8,464.7	7,025.1
Cost of purchased services	307.6	240.5
Total	**8,772.3**	**7,265.6**

[3] Cost of financial services

The cost of financial services primarily contains interest expenses of EUR 3.2 million (2020: EUR 4.9 million) and commission of EUR 4.1 million (2020: EUR 6.5 million) from Internationales Bankhaus Bodensee AG, Friedrichshafen, Germany. This item also contains EUR 1.0 million (2020: EUR 1.4 million) from the external business of the companies specializing in leases and EUR 17.2 million (2020: EUR 16.1 million) from the insurance business.

[4] Other operating income

Other operating income principally includes income from the sale of other goods and services as well as income from the disposal of assets in the amount of EUR 20.2 million (2020: EUR 38.1 million). In addition, contingent purchase price liabilities from acquisitions in the amount of EUR 0.0 million (2020: EUR 6.2 million) were remeasured and derecognized through profit and loss. Other operating income also includes income from the subleasing of right-of-use assets in the amount of EUR 1.8 million (2020: EUR 0.4 million).

[5] Personnel expenses and number of employees

Personnel expenses:

in millions of EUR	2021	2020
Wages and salaries	3,596.4	3,162.3
Social security	467.5	405.5
Pension and other benefit costs	305.8	275.5
Total	**4,369.7**	**3,843.3**

Individual companies in the Würth Group had made use of short-time work schemes, the German version of furlough, in the 2020 fiscal year. This had the effect of reducing personnel expenses in 2020. In 2021, very little use was made of short-time work schemes. For further information, please refer to [8] “Government grants” in Section I. Other notes.

Number of employees as of the reporting date:

	2021	2020
Würth Line Germany	9,433	9,245
Allied Companies Germany	16,005	15,269
Würth Group Germany	25,438	24,514
Würth Group International	57,745	54,625
Würth Group total	**83,183**	**79,139**
Thereof:		
Sales staff	33,536	33,176
In-house staff	49,647	45,963

The average headcount of the Würth Group totaled 81,703 in the reporting period (2020: 78,639).

[6] Amortization and depreciation

The consolidated income statement includes the following depreciation expense for right-of-use assets:

in millions of EUR	2021	2020
Depreciation of right-of-use assets for land, land rights, and buildings incl. buildings on third-party land	177.7	170.8
Depreciation of right-of-use assets for technical equipment and machines	2.9	4.3
Depreciation of right-of-use assets for other equipment, furniture, and fixtures	111.2	109.4
Total	**291.8**	**284.5**

[7] Other operating expenses

Other operating expenses mainly include selling, administration and operating expenses, bad debts, and other taxes.

Other operating expenses also include the following expenses from leases that were not included in the measurement of the lease liabilities:

in millions of EUR	2021	2020
Expense from short-term leases	52.5	46.5
Expense from leases of low-value assets	9.6	9.4
Expense from variable lease payments	2.6	6.0
Total	**64.7**	**61.9**

The total cash outflows for leases in the 2021 fiscal year amounted to EUR 365.5 million (2020: EUR 387.7 million).

Other operating expenses also include an expense from the increase in the impairment of receivables from the banking business of EUR 1.5 million (2020: EUR 3.9 million).

[8] Finance revenue/finance costs

in millions of EUR	2021	2020
Other interest and similar income	53.9	44.3
Interest and similar expenses	55.0	79.7
Interest expense from lease liabilities	13.3	15.8
Net interest cost from pension plans	2.8	3.5
Total financial result	**17.2**	**54.7**
Thereof from financial instruments under the IFRS 9 measurement categories:		
Financial assets and liabilities to be reported at fair value through profit or loss (FVTPL)	12.5	7.0
Financial liabilities at amortized cost (AC)	1.9	-58.2

Expenses from the translation of foreign currency items amounted to similar income of EUR 33.2 million. In the 2020 fiscal year, the translation of foreign currency items resulted in similar expenses of EUR 19.8 million.

The net gains or losses from financial assets/liabilities held for trading include the net gains or losses from changes in fair value as well as interest income and expenses from these financial instruments. The net gains or losses from loans and receivables chiefly include the effects of impairments and reversals of impairment losses.

[9] Earnings before taxes—reconciliation of operating result of the Würth Group*

in millions of EUR	2021	2020
Operating result	**1,269.9**	**775.4**
Impairment losses for goodwill and brands	-23.0	-17.3
Measurement of the interests as defined by IAS 32	-0.6	-4.7
Adjustment of purchase price liability from acquisition through profit or loss	0.0	1.1
Other	-2.6	-0.1
Earnings before taxes	**1,243.7**	**754.4**

*Not part of the consolidated financial statements in accordance with IFRS

[10] Income taxes

in millions of EUR	2021	2020
Income taxes	299.9	176.5
Deferred tax income		
Deferred tax income from unused tax losses	28.8	45.4
Other deferred tax income	113.1	82.8
Deferred tax expense		
Deferred tax expense from unused tax losses	32.8	38.7
Other deferred tax expenses	87.5	63.4
Total	**278.3**	**150.4**

Income taxes include corporate income tax (including solidarity surcharge) and trade tax of German entities and comparable income taxes of foreign entities.

in millions of EUR	2021	2020
Earnings before taxes	1,243.7	754.4
Theoretical tax rate as a %	20.6	20.7
Theoretical tax expense	**256.2**	**156.2**
Changes in theoretical tax expense due to:		
Unrecognized tax losses from the current fiscal year	16.0	13.3
Recognition of unused tax losses from prior periods	-2.9	-4.7
Use of unused tax losses written down in prior years	-5.1	-2.6
Write-down on recognized unused tax losses from prior years	0.4	4.0
Write-down (+)/write-up (–) on temporary differences	-0.2	3.7
Different tax rates	-1.9	0.6
Tax reductions due to tax-free items	-1.8	-2.6
Tax increases due to non-deductible expenses	10.0	8.3
Income tax expense that cannot be derived from earnings before taxes	4.0	5.3
Non-tax-deductible amortization of goodwill and other intangible assets	0.0	2.1
Taxes relating to other periods	0.8	-33.8
Other	2.8	0.6
Income taxes	**278.3**	**150.4**
Effective tax rate as a %	**22.4**	**19.9**

The theoretical tax rate is based on the weighted average tax rate of all consolidated entities.

Changes in income taxes resulted mainly from the increase in earnings before taxes and from tax losses in the current fiscal year that cannot be utilized with sufficient certainty in future fiscal years. Deferred tax assets were not recognized in such cases.

H. Notes on the consolidated statement of financial position

[11] Intangible assets including goodwill

in millions of EUR	Franchises, industrial rights, licenses, and similar rights	Internally generated intangible assets	Customer relationships and similar assets	Goodwill	Payments on account	Total
Cost						
1 January 2021	465.0	92.1	365.4	464.1	7.8	1,394.4
Exchange differences	5.3	0.3	8.9	17.4	0.0	31.9
Changes in the consolidated group	0.2	0.0	35.6	6.7	0.0	42.5
Additions	28.1	2.8	1.3	0.0	7.7	39.9
Disposals	10.9	4.6	0.0	0.0	0.0	15.5
Reclassifications	10.8	2.1	0.0	0.0	-9.4	3.5
31 December 2021	**498.5**	**92.7**	**411.2**	**488.2**	**6.1**	**1,496.7**
Accumulated amortization and depreciation						
1 January 2021	358.1	80.3	289.7	382.0	0.0	1,110.1
Exchange differences	4.1	0.4	7.7	16.4	0.0	28.6
Amortization and depreciation	35.7	3.5	11.8	0.0	0.0	51.0
Impairment losses	20.7	0.0	30.4	2.3	0.0	53.4
Disposals	9.8	4.6	0.0	0.0	0.0	14.4
Reclassifications	0.7	-0.6	0.0	0.0	0.0	0.1
31 December 2021	**409.5**	**79.0**	**339.6**	**400.7**	**0.0**	**1,228.8**
Net carrying amount						
31 December 2021	**89.0**	**13.7**	**71.6**	**87.5**	**6.1**	**267.9**

in millions of EUR	Franchises, industrial rights, licenses, and similar rights	Internally generated intangible assets	Customer relationships and similar assets	Goodwill	Payments on account	Total
Cost						
1 January 2020	444.3	89.3	378.0	485.8	9.7	1,407.1
Exchange differences	-8.3	0.1	-10.4	-21.7	0.2	-40.1
Additions	29.2	2.6	1.0	0.0	3.9	36.7
Disposals	13.9	0.2	0.0	0.0	0.1	14.2
Reclassifications to "Assets classified as held for sale"	-0.3	0.0	-3.2	0.0	0.0	-3.5
Reclassifications	14.0	0.3	0.0	0.0	-5.9	8.4
31 December 2020	**465.0**	**92.1**	**365.4**	**464.1**	**7.8**	**1,394.4**
Accumulated amortization and depreciation						
1 January 2020	334.0	77.4	225.2	387.1	0.0	1,023.7
Exchange differences	-4.7	-0.3	-7.2	-20.1	0.0	-32.3
Amortization and depreciation	37.7	3.4	18.5	0.0	0.0	59.6
Impairment losses	2.7	0.0	56.4	15.0	0.0	74.1
Disposals	11.8	0.2	0.0	0.0	0.0	12.0
Reclassifications to "Assets classified as held for sale"	0.3	0.0	3.2	0.0	0.0	3.5
Reclassifications	0.5	0.0	0.0	0.0	0.0	0.5
31 December 2020	**358.1**	**80.3**	**289.7**	**382.0**	**0.0**	**1,110.1**
Net carrying amount						
31 December 2020	**106.9**	**11.8**	**75.7**	**82.1**	**7.8**	**284.3**

Research and development costs (including amortization of capitalized development costs) recognized as expenses totaled EUR 7.9 million (2020: EUR 9.3 million).

Goodwill contains amounts from asset deals as well as from share deals.

Goodwill is tested for impairment annually. The recoverable amount was calculated based on the fair value less costs to sell using cash flow projections based on financial budgets approved by the management for a five-year period.

The recoverable amount of the cash-generating unit Northern Safety Company, Inc., Frankfort, New York, USA, and ORR Safety Corporation, Louisville, Kentucky, USA, amounted to EUR 75.1 million as of the reporting date. The pre-tax discount rate used for the cash flow projections is 11.3 percent. Cash flows beyond the four-year period are extrapolated using a growth rate of 1.0 percent. The cash flow forecasts have been updated to reflect the drop in demand for products and services. The review showed that the fair value less costs to sell does not exceed the carrying amount. As a result of this analysis, impairment losses of EUR 2.3 million had to be recognized on goodwill, EUR 25.5 million on customer relationships and similar assets, and EUR 20.7 million on franchises, industrial rights, licenses, and similar rights.

The recoverable amount of the cash-generating unit Grupo Electro Stocks, S. L. U., Sant Cugat del Vallés, Spain, came to EUR 115.4 million as of the reporting date. The pre-tax discount rate used for the cash flow projections is 10.6 percent. Cash flows beyond the four-year period are extrapolated using a growth rate of 1.0 percent. The cash flow forecasts have been updated to reflect the drop in demand for products and services. The review showed that the fair value less costs to sell does not exceed the carrying amount. As a result of this analysis, an impairment loss of EUR 2.6 million had to be recognized on customer relationships and similar assets.

Impairment losses were recognized in the consolidated income statement under amortization and depreciation.

The table below provides a summary of the tested goodwill and the assumptions underlying the impairment tests:

2021 in millions of EUR	M.E.B. Srl	Tunap	HSR/ Indunorm	Chemofast Anchoring GmbH	Dakota Premium Hardwoods LLC	Lichtzentrale Thurner GmbH	Kaczmarek Electric S.A.	Other	Total
Goodwill before impairment test	23.0	9.2	9.1	8.7	7.8	6.8	4.3	19.9	88.8
Exchange difference	0.0	0.0	0.0	0.0	0.6	0.0	0.0	0.4	1.0
Impairment losses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.3	2.3
Goodwill	**23.0**	**9.2**	**9.1**	**8.7**	**8.4**	**6.8**	**4.3**	**18.0**	**87.5**
Average sales growth in the planning period (in %)	7.0	7.9	10.2	6.9	12.0	5.9	5.5	4.1–13.9	
EBIT margin in the planning period (in %)	6.3–7.8	7.4–10.2	6.4–7.0	8.8–9.3	4.8–5.9	2.9–3.1	1.1–1.2	1.0–20.3	
Length of the planning period	4 years	4 years	4 years	4 years	4 years	4 years	4 years	4 years	
Sales growth p.a. after the end of the planning period (in %)	1.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
EBIT margin after the end of the planning period (in %)	8.9	10.2	7.0	10.4	5.7	3.1	1.6	2.8–20.3	
Discount rate	11.6	7.4	9.8	7.5	10.6	9.4	11.7	7.4–11.3	
Additional impairment losses									
assuming a 10 % lower cash flow	11.2	0.0	0.0	0.0	0.0	0.0	0.0	1.5	
assuming a 1 % higher discount rate	15.1	0.0	0.0	0.0	0.0	0.0	0.0	2.3	

2020 in millions of EUR	M.E.B. Srl	TUNAP GmbH & Co. KG	HSR/ Indunorm	Chemofast Anchoring GmbH	Dakota Premium Hardwoods LLC	Lichtzentrale Lichtgroß-handel GmbH	Wurth Des Moines Bolt Inc.	Wurth HOT	Other	Total
Goodwill before impairment test	23.0	9.2	9.1	8.7	8.5	6.8	6.2	3.0	24.2	98.7
Exchange difference	0.0	0.0	0.0	0.0	–0.7	0.0	–0.1	0.0	–0.8	–1.6
Impairment losses	0.0	0.0	0.0	0.0	0.0	0.0	6.1	3.0	5.9	15.0
Goodwill	**23.0**	**9.2**	**9.1**	**8.7**	**7.8**	**6.8**	**0.0**	**0.0**	**17.5**	**82.1**
Average sales growth in the planning period (in %)	12.2	–0.7	7.7	6.7	12.6	4.3	8.4	7.8	4.0–17.4	
EBIT margin in the planning period (in %)	5.1–5.3	6.4–9.7	4.9–6.5	6.1–7.0	3.7–3.9	2.8–3.1	1.1–2.3	–0.9–3.3	–0.3–19.5	
Length of the planning period	4 years	4 years	4 years	4 years	4 years	4 years	4 years	4 years	4 years	
Sales growth p.a. after the end of the planning period (in %)	1.5	1.0	1.0	1.0	1.0	1.0	1.0	0.5	1.0	
EBIT margin after the end of the planning period (in %)	6.5	9.7	6.5	7.7	4.6	3.1	3.7	4.5	2.9–19.2	
Discount rate	10.2	7.4	9.7	7.5	10.6	8.4	10.7	10.7	7.4–11.1	
Additional impairment losses										
assuming a 10 % lower cash flow	8.6	0.0	0.0	0.0	2.5	0.0	0.0	0.0	0.0	
assuming a 1 % higher discount rate	11.7	0.0	2.0	0.0	4.4	0.0	0.0	0.0	1.1	

The assumptions underlying the calculation of the fair value less costs to sell are most sensitive to estimation uncertainties regarding sales growth, EBIT margins, and the discount rates used.

The assumptions concerning sales growth and EBIT margins used for the impairment tests in the planning period are based on internal records of past experience and assumptions by management used in the business plans valid as of the reporting date.

Discount rates reflect the current market assessment of the risks specific to each cash-generating unit. The discount rate was estimated based on the weighted average cost of capital for the industry. This rate was further adjusted to reflect the market assessments of any risks specific to the cash-generating units for which estimates of future cash flows have not been adjusted.

With regard to the assessment of value in use of the cash-generating units, management believes that—with the exception of those cash-generating units where impairment losses were recognized—no reasonably probable change in any of the above key assumptions made to determine the fair value less costs to sell would cause the carrying amount of the cash-generating unit to materially exceed its recoverable amount.

[12] Property, plant, and equipment

in millions of EUR	Land, land rights, and buildings incl. buildings on third-party land	Technical equipment and machines	Other equipment, furniture, and fixtures	Advance payments and assets under construction	Total
Cost					
1 January 2021	3,144.5	1,294.2	2,284.7	264.0	6,987.4
Exchange differences	25.6	13.7	20.8	0.5	60.6
Changes in the consolidated group	7.8	1.1	2.3	0.3	11.5
Additions	59.0	69.5	197.8	186.3	512.6
Disposals	21.9	22.0	66.3	0.4	110.6
Reclassifications	73.0	104.0	22.9	-202.4	-2.5
31 December 2021	**3,288.0**	**1,460.5**	**2,462.2**	**248.3**	**7,459.0**
Accumulated amortization and depreciation					
1 January 2021	1,207.6	821.9	1,272.7	-1.4	3,300.8
Exchange differences	10.7	9.7	16.3	0.0	36.7
Amortization and depreciation	92.8	101.6	172.3	0.0	366.7
Impairment losses	1.2	9.9	3.9	0.0	15.0
Disposals	15.1	21.9	60.7	0.0	97.7
Reclassifications	0.8	-2.7	2.3	0.0	0.4
Reversal of impairment losses	0.0	0.0	-0.7	0.0	-0.7
31 December 2021	**1,298.0**	**918.5**	**1,406.1**	**-1.4**	**3,621.2**
Net carrying amount					
31 December 2021	**1,990.0**	**542.0**	**1,056.1**	**249.7**	**3,837.8**

in millions of EUR	Land, land rights, and buildings incl. buildings on third-party land	Technical equipment and machines	Other equipment, furniture, and fixtures	Advance payments and assets under construction	Total
Cost					
1 January 2020	2,870.6	1,242.0	2,218.3	465.0	6,795.9
Exchange differences	–26.0	–10.8	–25.3	–3.0	–65.1
Additions	74.2	46.0	157.0	159.2	436.4
Disposals	9.0	68.3	76.8	0.4	154.5
Reclassifications to “Assets classified as held for sale”	–0.2	–12.6	–1.0	–0.4	–14.2
Reclassifications	234.9	97.9	12.5	–356.4	–11.1
31 December 2020	**3,144.5**	**1,294.2**	**2,284.7**	**264.0**	**6,987.4**
Accumulated amortization and depreciation					
1 January 2020	1,136.4	786.9	1,197.4	0.1	3,120.8
Exchange differences	–8.3	–5.8	–17.6	–1.5	–33.2
Amortization and depreciation	86.3	98.1	164.9	0.0	349.3
Impairment losses	0.0	9.5	0.7	0.0	10.2
Disposals	6.6	57.6	71.2	0.0	135.4
Reclassifications to “Assets classified as held for sale”	0.2	9.2	1.0	0.0	10.4
Reversal of impairment losses	0.0	0.0	0.5	0.0	0.5
31 December 2020	**1,207.6**	**821.9**	**1,272.7**	**–1.4**	**3,300.8**
Net carrying amount					
31 December 2020	**1,936.9**	**472.3**	**1,012.0**	**265.4**	**3,686.6**

There are restrictions on the rights of disposal of property, plant, and equipment and assets assigned as collateral, which can be broken down as follows:

in millions of EUR	2021	2020
Land charges	4.1	4.1
Collateral assignment	13.1	8.4
Total	**17.2**	**12.5**

There are payment obligations for investment in fixed assets of EUR 79.3 million (2020: EUR 32.2 million).

Payments on account and assets under construction contain additions to assets under construction of EUR 123.2 million (2020: EUR 114.4 million), which relate to technical equipment and machines, as well as buildings.

Other equipment, furniture, and fixtures include an art asset with an indefinite useful life in a material amount.

The recoverable amount of the cash-generating unit Dokka Fasteners AS, Dokka, Norway, was EUR 10.1 million as of the reporting date. The pre-tax discount rate used for the cash flow projections is 8.8 percent. Cash flows beyond the four-year period are extrapolated using a growth rate of 1.0 percent. The review showed that the fair value less costs to sell does not exceed the carrying amount. As a result of this analysis, an impairment loss of EUR 9.9 million had to be recognized on other equipment, furniture, and fixtures.

The recoverable amount of the cash-generating unit Würth Adams Nut & Bolt Company, Brooklyn Park, Minnesota, USA, amounted to EUR 48.7 million as of the reporting date. The pre-tax discount rate used for the cash flow projections is 10.3 percent. Cash flows beyond the four-year period are extrapolated using a growth rate of 1.0 percent. The review showed that the fair value less costs to sell does not exceed the carrying amount. As a result of this analysis, an impairment loss of EUR 3.9 million had to be recognized on other equipment, furniture, and fixtures.

The recoverable amount of the cash-generating unit Arnold Fasteners (Shenyang) Co., Ltd., Shenyang, China, was EUR 3.1 million as of the reporting date. The pre-tax discount rate used for the cash flow projections is 10.3 percent. Cash flows beyond the four-year period are extrapolated using a growth rate of 1.0 percent. The review showed that the fair value less costs to sell does not exceed the carrying amount. As a result of this analysis, an impairment loss of EUR 1.2 million had to be recognized on land, land rights, and buildings including buildings on third-party land.

The recoverable amount was calculated based on the value in use calculated using cash flow projections based on financial budgets approved by the management for a five-year period. The cash flow forecasts have been updated to reflect the drop in demand for products and services of these cash-generating units.

Impairment losses were recognized in the consolidated income statement under amortization and depreciation.

[13] Right-of-use assets

in millions of EUR	Right-of-use assets for land, land rights, and buildings incl. buildings on third-party land	Right-of-use assets for technical equipment and machines	Right-of-use assets for other equipment, furniture, and fixtures	Total
Cost				
1 January 2021	1,064.9	19.6	315.5	1,400.0
Exchange differences	8.2	–0.6	4.3	11.9
Changes in the consolidated group	5.3	0.1	0.1	5.5
Additions	195.4	3.7	109.6	308.7
Disposals	45.7	1.5	69.1	116.3
Reclassifications	0.0	0.0	–1.0	–1.0
31 December 2021	**1,228.1**	**21.3**	**359.4**	**1,608.8**
Accumulated amortization and depreciation				
1 January 2021	291.7	11.1	136.6	439.4
Exchange differences	4.1	0.0	1.5	5.6
Amortization and depreciation	177.4	2.9	111.1	291.4
Impairment losses	0.3	0.0	0.1	0.4
Disposals	26.2	0.8	62.6	89.6
Reclassifications	0.0	0.1	–0.6	–0.5
31 December 2021	**447.3**	**13.3**	**186.1**	**646.7**
Net carrying amount				
31 December 2021	**780.8**	**8.0**	**173.3**	**962.1**

in millions of EUR	Right-of-use assets for land, land rights, and buildings incl. buildings on third-party land	Right-of-use assets for technical equipment and machines	Right-of-use assets for other equipment, furniture, and fixtures	Total
Cost				
1 January 2020	857.5	22.0	277.5	1,157.0
Exchange differences	–9.6	–0.2	–5.1	–14.9
Additions	258.9	4.8	115.6	379.3
Disposals	44.4	6.7	73.7	124.8
Reclassifications	2.5	–0.3	1.2	3.4
31 December 2020	**1,064.9**	**19.6**	**315.5**	**1,400.0**
Accumulated amortization and depreciation				
1 January 2020	162.8	7.9	101.5	272.2
Exchange differences	–5.4	–0.1	–2.3	–7.8
Amortization and depreciation	170.8	4.3	109.4	284.5
Disposals	36.5	1.0	72.0	109.5
31 December 2020	**291.7**	**11.1**	**136.6**	**439.4**
Net carrying amount				
31 December 2020	**773.2**	**8.5**	**178.9**	**960.6**

[14] Financial assets

The investments reported under financial assets are allocated to the category "at fair value through profit or loss" (FVTPL) in accordance with IFRS 9. There were no fair value adjustments in the 2021 fiscal year. Fair values that could not be determined on the basis of observable market data of EUR 12.1 million (2020: EUR 15.7 million) relate to long-term interests in non-listed corporations and partnerships.

Internationales Bankhaus Bodensee AG, Friedrichshafen, Germany, issued securities with a book value of EUR 78.4 million (2020: EUR 70.0 million) as security for the granting of a credit line for refinancing at Deutsche Bundesbank, Frankfurt am Main, Germany. The maximum credit risk is the amount carried in the consolidated statement of financial position.

[15] Receivables from financial services

in millions of EUR	2021	Thereof due within one year	2020	Thereof due within one year
Receivables from the leasing business	1,224.3	496.5	998.5	403.8
Receivables from the insurance business	3.2	3.2	1.6	1.6
Receivables from the banking business				
Receivables from customers	1,167.9	548.4	1,109.1	619.0
Receivables from banks	48.1	48.1	20.9	20.9
Other asset items	3.5	3.5	2.1	2.1
Total	**2,447.0**	**1,099.7**	**2,132.2**	**1,047.4**

Receivables from the leasing business include finance leases under which substantially all the risks and rewards from the leasing business have been transferred to the lessee, as well as operating leases. Further details can be found under [5] "Leases: The Würth Group as the lessor" in Section I. Other notes.

Receivables from financial services include receivables from related parties of EUR 24.0 million (2020: EUR 20.9 million).

The Würth Group regularly sells receivables from financial services arising from the external leasing business in the form of ABCP transactions. As of 31 December 2021, EUR 612.6 million (2020: EUR 475.4 million) of sold receivables were not derecognized from the consolidated statement of financial position because all the risks and rewards incidental to ownership were essentially retained by the Würth Group. The corresponding liability is disclosed under [26] "Liabilities from financial services" in Section H. Notes on the consolidated statement of financial position.

During the first step, the impairment loss is calculated at the 12-month credit loss. In cases involving receivables from financial services whose default risk has increased significantly since initial recognition, the impairment loss is calculated based on the lifetime expected credit loss.

The following table provides information on the extent of the credit risk included in receivables from financial services.

in millions of EUR	2021	2020
Receivables from financial services that are neither past due nor impaired	2,427.4	2,106.6
Receivables not impaired but past due by		
less than 120 days	4.6	7.0
Total receivables not impaired	**2,432.0**	**2,113.6**
Impaired receivables from financial services (gross)	42.8	47.3
Impairment loss recognized on receivables from financial services	27.8	28.7
Net carrying amount	**2,447.0**	**2,132.2**

Movements in the provision for impairment of receivables from financial services based on this were as follows:

in millions of EUR	2021	2020
Provision for impairment as of 1 January	**28.7**	**29.9**
Amounts recognized as income (–) or expense (+) in the reporting period	6.6	7.7
Derecognition of receivables	–6.8	–8.7
Payments received and recoveries of amounts previously written off	–0.8	–0.2
Currency translation effects	0.1	0.0
Provision for impairment as of 31 December	**27.8**	**28.7**

The income or expense from impairment losses and the derecognition of receivables from financial services are disclosed under other operating expenses.

[16] Deferred taxes

Deferred tax assets and liabilities can be allocated as follows:

in millions of EUR	Deferred tax assets 2021	Deferred tax liabilities 2021	Deferred tax assets 2020	Deferred tax liabilities 2020	Change 2021	Change 2020
Fixed assets	176.7	151.9	168.7	180.8	36.9	67.9
Inventories	87.0	49.7	64.6	41.5	14.2	8.7
Receivables	75.2	49.3	54.2	43.8	15.5	–21.1
Other assets	7.4	105.9	9.0	81.9	–25.6	–21.2
Provisions	102.5	37.1	102.4	33.4	–3.6	17.7
Liabilities	95.0	3.5	138.7	2.8	–44.4	–31.1
Other liabilities	18.0	57.8	13.9	76.7	23.0	–0.4
	561.8	**455.2**	**551.5**	**460.9**	**16.0**	**20.5**
Unused tax losses	17.8		20.4		–2.6	3.8
Offset	–342.6	–342.6	–349.5	–349.5		
Total	**237.0**	**112.6**	**222.4**	**111.4**	**13.4**	**24.3**

The development of timing differences is fully reflected in income taxes. One exception relates to foreign exchange differences of EUR 5.4 million (2020: EUR –21.3 million), which were recognized directly in equity, and additions of deferred taxes of EUR –2.3 million (2020: EUR 0.0 million) arising from acquisitions, as well as deferred taxes on items recorded in equity that were also recognized directly in other comprehensive income in the amount of EUR –8.3 million (2020: EUR 3.1 million).

There are deferred tax assets totaling EUR 41.2 million (2020: EUR 25.5 million) for entities that have a history of losses.

During the 2021 fiscal year, deferred tax assets of EUR 2.9 million (2020: EUR 4.7 million) were subsequently formed on unused tax losses in the amount of EUR 19.7 million (2020: EUR 37.1 million), since the management has classified future use within the Würth Group as probable.

In total, deferred tax assets of EUR 97.0 million (2020: EUR 110.4 million) were recognized on unused tax losses.

No deferred tax assets were recognized in the consolidated statement of financial position for unused tax losses of EUR 775.4 million (2020: EUR 718.8 million), as realization is not sufficiently certain.

These unused tax losses are classified by expiration period as follows:

in millions of EUR	2021	2020
Expiration of unused tax losses		
Non-forfeitable	455.3	494.2
Expiration within the next five to ten years	127.9	91.4
Expiration within the next one to five years	134.6	119.3
Expiration within the next year	57.6	13.9
Total unused tax losses net of deferred tax assets recognized	**775.4**	**718.8**

The unused tax losses include unused tax losses amounting to EUR 23.2 million (2020: EUR 23.2 million), that originated prior to creation of the consolidated tax group and that cannot be used until the existing profit and loss transfer agreements have been terminated.

No deferred taxes were recognized for accumulated results of foreign subsidiaries amounting to EUR 920.5 million (2020: EUR 685.8 million), as a distribution in the near future is within the Würth Group's control and is not probable. If deferred taxes had been recognized for these timing differences, they would have had to be calculated exclusively using the withholding tax rate applicable in each case, possibly including the German tax rate of five percent on distributed dividends.

Future distributions to the owners do not have any other income tax implications for the Würth Group.

[17] Inventories

in millions of EUR	2021	2020
Materials and supplies	160.4	104.9
Work in process and finished goods	219.4	176.7
Merchandise	2,646.8	1,922.0
Payments on account	37.3	18.8
Total	**3,063.9**	**2,222.4**

The write-down recorded on inventories, which was recognized under cost of materials in the consolidated income statement, amounts to EUR 69.6 million (2020: EUR 23.3 million).

[18] Trade receivables

This item exclusively comprises receivables from third parties.

in millions of EUR	2021	2020
Trade receivables that are neither past due nor impaired	1,076.4	936.1
Receivables not impaired but past due by		
less than 120 days	441.8	375.4
between 120 and 179 days	28.9	21.5
between 180 and 359 days	1.6	1.0
more than 360 days	1.1	0.0
Total receivables not impaired	**1,549.8**	**1,334.0**
Impaired trade receivables (gross)	991.9	770.3
Provision for impairment of trade receivables	165.5	162.4
Net carrying amount	**2,376.2**	**1,941.9**

Information on the credit risk position of the Würth Group's trade receivables is presented below:

2021 in millions of EUR	Expected default rate in %	Gross book value	Expected losses over remaining term
less than 120 days (level 2)	1.42	2,284.1	32.5
120 to 359 days (level 2)	11.8	139.6	16.5
more than 360 days (level 3)	62.1	118.0	73.3
Total		**2,541.7**	**122.3**

2020 in millions of EUR	Expected default rate in %	Gross book value	Expected losses over remaining term
less than 120 days (level 2)	1.44	1,860.7	26.8
120 to 359 days (level 2)	5.7	110.9	6.3
more than 360 days (level 3)	59.0	132.7	78.3
Total		**2,104.3**	**111.4**

Where possible and feasible, we take out credit insurance.

Movements in the provision for impairment of trade receivables were as follows:

in millions of EUR	2021	2020
Provision for impairment as of 1 January	**162.4**	**170.1**
Changes in the consolidated group	2.5	0.0
Amounts recognized as expense in the reporting period	35.7	32.0
Derecognition of receivables	-37.4	-32.6
Payments received and recoveries of amounts previously written off	-1.5	-1.9
Currency translation effects	3.8	-5.2
Provision for impairment as of 31 December	**165.5**	**162.4**

The following table presents the expenses from the full derecognition of trade receivables and income from recoveries of amounts previously written off:

in millions of EUR	2021	2020
Expenses from the derecognition of receivables	39.2	36.2
Income from recoveries of amounts previously written off	3.0	2.6

The income or expense from impairment losses and the derecognition of trade receivables is disclosed under other operating expenses.

[19] Income tax assets

This item records income tax assets from tax authorities.

[20] Other financial assets

in millions of EUR	2021	Thereof due within one year	2020	Thereof due within one year
Derivative financial assets	5.4	5.4	7.5	7.5
Sundry financial assets	201.0	201.0	157.5	157.5
Total	**206.4**	**206.4**	**165.0**	**165.0**

Sundry financial assets mainly include supplier discounts and bonuses.

All other past due financial assets are directly written off against the underlying other financial assets.

[21] Other assets

in millions of EUR	2021	Thereof due within one year	2020	Thereof due within one year
Sundry assets	178.9	146.3	147.0	117.3
Prepaid expenses	97.1	97.1	81.7	81.7
Total	**276.0**	**243.4**	**228.7**	**199.0**

Sundry assets mainly include VAT receivables.

Prepaid expenses mainly relate to prepaid insurance premiums and prepaid lease and rental payments.

[22] Securities

Securities comprise listed equity and bond exposures (equity and debt instruments) that are actively traded and measured at fair value through profit or loss in accordance with IFRS 9. Changes in value are calculated using quoted prices in active markets (level 1 inputs). In addition, securities include actively traded bonds (debt instruments) from Internationales Bankhaus Bodensee AG, Friedrichshafen, Germany, which are valued at amortized cost and pledged in the amount of EUR 15.2 million (2020: EUR 15.2 million) as collateral for the grant of a credit line for refinancing at Deutsche Bundesbank, Frankfurt am Main, Germany. The maximum credit risk corresponds to the fair value.

[23] Cash and cash equivalents

Balances denominated in foreign currency are measured at the closing rate. The composition and development of cash and cash equivalents are presented in the consolidated statement of cash flows. The money market funds were valued at the current money market rate. Due to the very short maturities and the creditworthiness of the contractual partners of the Würth Group, no impairment based on expected credit losses was created.

[24] Assets classified as held for sale and liabilities in a group of assets classified as held for sale

Assets in millions of EUR	2021	2020
Non-current assets		
Property, plant, and equipment	0.0	3.8
Current assets		
Trade receivables	0.0	0.9
Other assets	0.0	0.1
Assets classified as held for sale	**0.0**	**4.8**

Liabilities in millions of EUR	2021	2020
Non-current liabilities		
Provisions	0.0	0.1
Current liabilities		
Trade payables	0.0	0.5
Other liabilities	0.0	0.5
Liabilities in a group of assets classified as held for sale	**0.0**	**1.1**
Net assets directly related to the disposal group	**0.0**	**3.7**

The statement of financial position of the Würth Group as of 31 December 2020 included assets classified as held for sale and liabilities in a group of assets classified as held for sale, as the Würth Group was negotiating on the sale of a peripheral area of the Chemicals unit on the balance sheet date. For further details, please refer to C. Changes in the consolidated group.

[25] Equity

Share capital comprises the share capital of the following parent companies within the Group:

Parent companies within the Group	Registered office	Share capital in millions of EUR	Shareholders
Adolf Würth GmbH & Co. KG	Germany	300.8	Würth Family Trusts
Würth Finanz-Beteiligungs-GmbH	Germany	67.0	Würth Family Trusts
Waldenburger Beteiligungen GmbH & Co. KG	Germany	20.0	Würth Family Trusts
Würth Elektrogroßhandel GmbH & Co. KG	Germany	19.6	Würth Family Trusts

Parent companies within the Group	Registered office	Share capital in millions of EUR	Shareholders
Würth Promotion GmbH	Austria	0.07	Würth Private Trust
Würth Beteiligungen GmbH	Germany	0.03	Würth Family Trusts
Other (including 35 general partner companies)	Germany	0.93	Adolf Würth Trust
Total		**408.4**	

The limited partners' capital in the partnerships corresponds to the share capital.

Other reserves include the profits earned in prior years and not yet distributed, as well as capital contributions at the parent companies in the Group and consolidated subsidiaries. Differences from foreign currency translation and from the remeasurement of defined benefit plans are also disclosed here.

The individual equity components and their development in 2021 and 2020 are shown in the consolidated statement of changes in equity.

Non-controlling interests mainly relate to shares held by third parties in subsidiaries as well as direct shareholdings of members of the Würth family.

The reserves for cash flow hedges relate to the effective part of the loss from a hedging instrument to hedge the risk of fluctuations in the cash flow from future financing.

Distributions of EUR 165.0 million are planned for 2022.

[26] Liabilities from financial services

2021 in millions of EUR	Total	Due in < 1 year	Due in 1 – 5 years	Due in > 5 years
Liabilities from the leasing business	788.0	290.7	488.3	9.0
Liabilities from the insurance business	0.9	0.9	0.0	0.0
Liabilities from the banking business	1,286.1	816.6	437.1	32.4
Total	**2,075.0**	**1,108.2**	**925.4**	**41.4**

2020 in millions of EUR	Total	Due in < 1 year	Due in 1 – 5 years	Due in > 5 years
Liabilities from the leasing business	617.1	177.0	412.5	27.6
Liabilities from the insurance business	1.2	0.1	1.1	0.0
Liabilities from the banking business	1,110.0	880.6	178.8	50.6
Total	**1,728.3**	**1,057.7**	**592.4**	**78.2**

Liabilities from financial services include liabilities from related parties of EUR 4.6 million (2020: EUR 4.1 million).

Liabilities from the leasing business include liabilities from an ABCP transaction of EUR 612.6 million (2020: EUR 475.4 million). The nominal amount of this ABCP transaction comes to EUR 647.4 million (2020: EUR 503.7 million). Any risk items relating to it are hedged by interest swaps of the same amount and term as soon as they become apparent. As of the end of the reporting period, the contrasting changes in value and cash flows from hedged transactions and hedging instruments had largely balanced each other out.

The table below shows the contractually agreed remaining terms to maturity:

in millions of EUR	Carrying amounts **31 December 2021**	Cash flow < 1 year	1–5 years	> 5 years
Liabilities from the leasing business	788.0	305.4	507.7	9.2
Liabilities from the insurance business	0.9	0.9	0.0	0.0
Liabilities from the banking business	1,286.1	817.4	441.2	33.6

in millions of EUR	Carrying amounts **31 December 2020**	Cash flow < 1 year	1–5 years	> 5 years
Liabilities from the leasing business	617.1	191.0	432.3	29.4
Liabilities from the insurance business	1.2	0.1	1.1	0.0
Liabilities from the banking business	1,110.0	881.7	188.0	57.9

[27] Financial liabilities

in millions of EUR	**2021**	Thereof due within one year	**2020**	Thereof due within one year
Bonds	1,749.9	499.8	1,915.8	163.5
Liabilities to banks	78.4	76.9	93.4	86.9
Liabilities to non-controlling interests	39.0	34.2	62.6	57.5
Total	**1,867.3**	**610.9**	**2,071.8**	**307.9**

The Group has financial liabilities due in more than five years of EUR 746.9 million (2020: EUR 746.4 million).

The maturities and terms of the bonds repayable and their fair values are as follows:

Type	Amount	Interest	Effective interest	Maturity	Carrying amount in millions of EUR	Fair value in millions of EUR
Bond	EUR 500 million	1.00 %	1.04 %	19 May 2022	499.9	500.9
Bond	EUR 500 million	1.00 %	1.08 %	25 May 2025	503.1	516.2
Bond	EUR 750 million	0.75 %	–0.023 %	22 November 2027	746.9	773.1
31 December 2021					**1,749.9**	**1,790.2**

In the case of the bond maturing on 19 May 2022, the three-month par call option was exercised in a timely manner prior to 14 January 2022. This means that the new maturity date for the EUR 500 million bond was 21 February 2022.

There are also three-month par call options for the bonds maturing on 25 May 2025 and 22 November 2027.

Type	Amount	Interest	Effective interest	Maturity	Carrying amount in millions of EUR	Fair value in millions of EUR
US private placement	USD 200 million	4.48 %	4.53 %	22 September 2021	163.5	170.6
Bond	EUR 500 million	1.00 %	1.04 %	19 May 2022	499.4	507.8
Bond	EUR 500 million	1.00 %	1.08 %	25 May 2025	506.5	525.7
Bond	EUR 750 million	0.75 %	–0.023 %	22 November 2027	746.4	789.9
31 December 2020					**1,915.8**	**1,994.0**

The maturities and conditions of liabilities due to banks are as follows:

Currency	Interest terms	Remaining fixed interest period	Interest rate	< 1 year	1–5 years	Carrying amount
EUR	floating/fixed	< 1 year	0.00 %–14.00 %	39.4	0.0	39.4
EUR	floating/fixed	1–5 years	1.00 %–8.00 %	0.0	0.5	0.5
USD	floating/fixed	< 1 year	0.00 %–5.00 %	0.7	0.0	0.7
Other	floating/fixed	< 1 year	0.00 %–26.00 %	36.8	0.0	36.8
Other	floating/fixed	1–5 years	2.00 %–23.00 %	0.0	1.0	1.0
31 December 2021				**76.9**	**1.5**	**78.4**

Currency	Interest terms	Remaining fixed interest period	Interest rate	< 1 year	1 – 5 years	Carrying amount
EUR	floating/fixed	< 1 year	0.01 % – 10.00 %	62.0	0.1	62.1
EUR	floating/fixed	1 – 5 years	1.00 % – 4.00 %	0.0	5.3	5.3
USD	floating/fixed	< 1 year	0.01 % – 4.75 %	0.3	0.0	0.3
Other	floating/fixed	< 1 year	0.01 % – 23.50 %	24.6	0.3	24.9
Other	floating/fixed	1 – 5 years	2.00 % – 22.00 %	0.0	0.8	0.8
31 December 2020				**86.9**	**6.5**	**93.4**

The carrying amounts of liabilities to banks reported in the consolidated statement of financial position approximate fair value.

[28] Lease liabilities

in millions of EUR	**2021**	**2020**
Lease liabilities < 1 year	259.1	249.7
Lease liabilities 1 – 5 years	538.8	539.4
Lease liabilities > 5 years	179.8	184.4
Total	**977.7**	**973.5**

[29] Obligations from post-employment benefits

A pension plan is in place for employees of the Würth Group for the period after they retire. The benefits vary according to local legal, fiscal, and economic conditions. The obligations include vested future pension benefits, as well as current pensions paid. The company pension scheme includes defined contribution plans and defined benefit plans.

In the case of defined contribution plans, the respective entity pays contributions to state or private pension companies either on a voluntary basis or based on legal provisions. The contributions are recognized as a personnel expense when they fall due. No further payment obligations arise for the Würth Group from the payment of contributions. Current contributions (excluding contributions to the statutory pension insurance) totaled EUR 24.1 million (2020: EUR 21.3 million). Payments of EUR 219.3 million were made to the statutory pension insurance in the fiscal year (2020: EUR 197.5 million).

The largest defined benefit plans are in Germany, Austria, Italy, and Switzerland. The defined benefit plans in Germany, Austria, and Italy constitute direct obligations, whereas the Swiss plans are indirect benefit obligations. The amount of the entitlements depends on the length of service, frequently on the salary development, and, for indirect benefit obligations, also on the employee contributions paid in.

The Würth Group's benefit obligations in Germany guarantee the beneficiaries a life-long monthly old-age pension, provided that a vesting period of ten years of service can be demonstrated. The amount of the benefit is usually determined by arranged fixed amounts. Employees receive such voluntary pensions in addition to the statutory pension once they reach the statutory retirement age. Employees are also offered another defined benefit plan in the form of a deferred compensation arrangement under which gross cash compensation is converted into a company pension plan based on individual contracts.

This voluntary conversion of monthly compensation is generally limited to the higher of either 10 percent of one twelfth of the annual income in the year before commencement of the conversion or 4 percent of the respective maximum monthly contribution to the German pension system (western German states). This was already closed in 2018. In total, obligations in Germany amount to EUR 206.9 million (2020: EUR 223.7 million).

In Austria, a severance payment is guaranteed by law, subject to the provisions of the BMVG ["Betriebliche Mitarbeiterversorgungsgesetz": Austrian Act Governing Company Pensions]. This is paid out when the employment relationship ends. For employment relationships that began before the end of 2002, the employee has a right to such payment from the employer. The amount depends on the length of service and salary development. If the employment relationship is terminated by the employee, the right to a severance payment from the employer is forfeited. For employment relationships started as of the beginning of 2003, the employer pays 1.53 percent of the gross monthly salary into a selected company pension scheme, which then pays out any severance payment entitlement when the employment ends. The entitlement is now retained even if the employee terminates the employment relationship. For employment relationships that began before the end of 2002, total obligations were recognized in the amount of EUR 30.8 million in Austria (2020: EUR 29.8 million).

In Italy, employees are entitled by law to a severance payment when the employment relationship ends (trattamento di fine rapporto, TFR). The amount of the TFR is determined by the number of years of service and is capped at one month's salary per year of service. Since 2007, the legislature provides for a capital option, that is to say, the employees can choose whether their entitlements should continue to be made in the company or whether future entitlements should be paid into a pension fund instead. Obligations of EUR 26.4 million were recognized in the consolidated statement of financial position of the Würth Group in Italy (2020: EUR 26.5 million).

In the Würth Group in Switzerland, retirement benefits are handled via external insurance companies. They are subject to regulatory supervision and are governed by the BVG ["Bundesgesetz über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge": Swiss Federal Act on Occupational Retirement, Survivors' and Disability Pension Plans]. The top management body of these insurance companies, the trust board, is composed of an equal number of employee and employer representatives. The various benefits are set forth in regulations, with minimum benefits stipulated by the BVG. The contributions to the insurance company are settled by employers and employees. In the event of a deficit, measures can be agreed, such as adjusting the benefit obligation by changing conversion rates or increasing current contributions. In the case of almost all Swiss entities in the Würth Group in Switzerland, the insurance company is a separate pension trust. The benefits comprise not only old-age pensions, but also disability and surviving dependents' pension benefits. The trust's statutes define the pension scope and benefit amounts, minimum payment obligations, and the investment strategy. All insurance-related risks are borne by the trust. The trust board reviews the investment strategy annually by means of an ALM (asset liability management) analysis as part of its responsibility for the investment of the assets. In total, obligations in Switzerland amounted to EUR 281.1 million (2020: EUR 274.5 million). Plan assets came to EUR 254.9 million (2020: EUR 227.1 million). The associated net liability amounts to EUR 26.2 million (2020: EUR 47.4 million).

The post-employment benefit obligations were determined based on the following assumptions:

	Discount rate		Future salary increases		Pension increase rate	
in %	2021	2020	2021	2020	2021	2020
Germany	1.25	0.75	3.00*	3.00*	2.00	1.75
Austria	0.95–1.00	0.50–0.80	1.50–3.00	1.50–3.00	–	–
Italy	1.00	0.65	2.50	2.50	1.75	1.00
Switzerland	0.30	0.20	0.50	0.50	–	–
Other countries	0.90–2.00	0.39–1.50	2.25	1.75	1.00	1.00

* For pension commitments with salary-based components

The 2018 G mortality tables from Dr. Klaus Heubeck are applied in Germany. In Austria, the AVÖ 2018-P pension tables are applied, and in Italy the ISTAT 2011 mortality tables are used to calculate post-employment benefit obligations.

In Switzerland, the switch to the BVG 2020 generation tables was made in the 2021 fiscal year (2020: BVG 2015 generation tables).

The benefit obligations are derived as follows:

in millions of EUR	2021	2020	2019	2018	2017
Present value of funded benefit obligations	335.3	330.0	317.7	273.2	257.7
Fair value of plan assets	–285.1	–254.0	–242.6	–207.6	–199.7
Net carrying amount on funded benefit obligations	**50.2**	**76.0**	**75.1**	**65.6**	**58.0**
Present value of unfunded benefit obligations	268.5	283.3	264.6	218.4	219.8
Net benefit liability recognized in the statement of financial position	**318.7**	**359.3**	**339.7**	**284.0**	**277.8**
Empirical adjustments					
Present value of the obligations	0.7	9.9	8.4	6.6	10.0

The average term to maturity of the post-employment benefit obligations is 22 years (2020: 18 years).

The net benefit expense from defined benefit plans can be broken down as follows:

in millions of EUR	2021	2020
Service cost		
Current service cost	25.4	22.1
Past service cost	0.0	1.3
Expense/income from plan settlements	-0.6	-1.2
Net interest cost	2.8	3.5
Total expense recognized in the consolidated income statement	**27.6**	**25.7**

The service cost is recognized under personnel expenses, while the net interest cost is recorded in the financial result.

The remeasurement of defined benefit plans can be broken down as follows:

in millions of EUR	2021	2020
Actuarial gains (–) and losses (+) recognized		
on changes in actuarial assumptions	-36.2	16.4
on empirical adjustments	0.7	9.9
Expense/Income from plan assets (less interest income)	-9.2	-11.0
Remeasurement of defined benefit plans	**–44.7**	**15.3**

The changes in the present value of the defined benefit obligations are as follows:

in millions of EUR	2021	2020
Defined benefit obligation at the start of the year	613.3	582.3
Changes in the consolidated group	0.1	0.0
Increase due to deferred compensation	0.2	0.2
Service cost	24.9	22.2
Interest cost	3.9	4.4
Employee contributions	7.7	7.4
Benefits paid	-17.5	-21.4
Actuarial gains (–) and losses (+) recognized	-35.5	26.3
Transfer of benefits	-2.6	-6.2
Exchange difference on foreign plans	9.3	-1.9
Defined benefit obligation at the end of the year	**603.8**	**613.3**

Future adjustments in the development of pensions are taken into account on the basis of statutory regulations (e.g., in Germany Sec. 16 BetrAVG).

The fair value of the plan assets has developed as follows:

in millions of EUR	2021	2020
Fair value of plan assets at the beginning of the year	254.0	242.6
Changes in the consolidated group	0.1	0.0
Interest income	1.1	0.9
Expense/income from plan assets (less interest income)	9.2	11.0
Employer contributions	12.8	14.3
Employee contributions	7.7	7.4
Benefits paid	–5.5	–13.2
Transfer of assets	–2.3	–8.3
Exchange difference on foreign plans	8.0	–0.7
Fair value of plan assets at the end of the year	**285.1**	**254.0**

The actual return came in at 3.76 percent (2020: 4.60 percent). The amount of employer contributions to external funds is expected to be similar in the following year.

Breakdown of fair value of plan assets by asset category:

in millions of EUR	2021	2020	2019	2018	2017
Fixed-income investment funds	98.9	87.3	76.5	64.9	55.8
Share-based investment funds	65.5	50.1	59.6	51.5	47.0
Real estate investment funds	67.4	56.7	53.6	46.7	37.5
Other funds	23.8	19.6	19.1	10.4	11.7
Fixed-interest securities	18.4	16.8	16.8	16.2	21.0
Shares	2.2	2.0	1.9	1.9	5.7
Real estate	3.1	2.8	2.7	2.6	5.6
Other	5.8	18.7	12.4	13.4	15.4
Total	**285.1**	**254.0**	**242.6**	**207.6**	**199.7**

As a rule, quoted prices are available on an active market for the equity and debt instruments. The ratings for funds and fixed-interest securities are usually not below A. The item “Other” primarily relates to cash and cash equivalents invested at banks with an A rating or higher.

With regard to sensitivities, the key actuarial assumptions determined for the Würth Group in Germany are the discount rate, the pension trend, and life expectancy. For the Würth Group in Switzerland, the discount rate, the rate of future salary increases, and life expectancy have been determined.

At the Würth Group in Germany, a 0.25 percent increase/decrease in the discount rate would lead to a decrease/increase in the DBO (Defined Benefit Obligation) of –4.8 percent/+5.3 percent. A 0.25 percent increase/decrease in the pension trend would lead to an increase/decrease in the DBO of +2.3 percent/–2.2 percent. An increase in life expectancy of one year would increase the DBO by 3.8 percent.

At the Würth Group in Switzerland, a 0.25 percent increase/decrease in the discount rate would lead to a decrease/increase in the DBO of –3.4 percent/+ 3.6 percent. A 0.5 percent increase/decrease in the rate of future salary increases would lead to an increase/decrease in the DBO of +1.1 percent/–1.1 percent . An increase in life expectancy of one year would increase the DBO by 1.8 percent.

[30] Provisions

in millions of EUR	**1 January 2021**	Exchange difference	“Additions due to changes in the consolidated group”	Utilization	Reversal	Addition	Unwinding of the discount and changes in the discount rate	**31 December 2021**
Credit notes	95.0	0.5	0.2	61.3	7.1	86.0	0.0	113.3
Long-service bonuses	98.6	0.2	0.1	0.8	2.5	1.5	1.2	98.3
Warranty obligations	22.5	0.0	0.0	5.3	1.0	8.2	0.0	24.4
Litigation and lawyers’ fees	38.0	0.4	0.0	1.2	0.9	23.5	0.1	59.9
Phased retirement scheme	11.2	0.1	0.0	0.1	1.1	5.1	0.1	15.3
Product liability	4.4	0.1	0.0	1.8	0.7	2.2	0.0	4.2
Sundry	68.4	0.1	0.4	19.6	1.6	27.9	0.1	75.7
Total	**338.1**	**1.4**	**0.7**	**90.1**	**14.9**	**154.4**	**1.5**	**391.1**
Thereof: current	217.0							254.6
non-current	121.1							136.5

in millions of EUR	1 January 2020	Exchange difference	Reclassifications to "Liabilities classified as held for sale"	Utilization	Reversal	Addition	Unwinding of the discount and changes in the discount rate	31 December 2020
Credit notes	83.0	–0.5	0.0	54.7	7.9	75.1	0.0	95.0
Long-service bonuses	92.7	0.0	0.1	0.6	0.3	2.1	4.8	98.6
Warranty obligations	20.3	–0.1	0.0	3.8	1.0	7.0	0.1	22.5
Litigation and lawyers' fees	31.5	–1.2	0.0	1.6	0.6	9.5	0.4	38.0
Phased retirement scheme	10.6	0.0	0.0	0.0	2.0	2.1	0.5	11.2
Product liability	3.5	0.0	0.0	1.3	0.3	2.5	0.0	4.4
Sundry	66.2	–0.2	0.0	12.5	11.8	26.4	0.3	68.4
Total	**307.8**	**–2.0**	**0.1**	**74.5**	**23.9**	**124.7**	**6.1**	**338.1**
Thereof: current	194.4							217.0
non-current	113.4							121.1

The provision for credit notes is primarily attributable to obligations relating to granted discounts, bonuses, etc. that are allocable to the period after the reporting date but caused by sales prior to the reporting date. The provision for long-service bonuses contains bonuses awarded to employees who have been with the company for many years. The provision for warranty obligations accounts for risks from legal or constructive obligations from trade with fastening and assembly materials involving trade customers, the building industry, and industrial customers, as well as from the manufacture of screws and fittings. Other provisions relate to numerous identifiable specific risks and uncertain liabilities, which were accounted for at the amount at which they are likely to be incurred.

The cash outflow for provisions for long-service bonuses and the German phased retirement scheme ("Altersteilzeit") is mainly of a medium (two to four years) to long-term (five to 50 years) nature. In most cases, other provisions are expected to lead to a cash outflow in the next fiscal year.

[31] Other financial liabilities

in millions of EUR	2021	Thereof due within one year	2020	Thereof due within one year
Liabilities to related parties	177.1	176.0	116.5	115.4
Derivative liabilities	7.5	7.5	10.3	10.3
Liabilities from business combinations	4.3	0.0	3.4	0.4
Sundry financial liabilities	513.9	504.0	438.3	428.4
Total	**702.8**	**687.5**	**568.5**	**554.5**

Sundry financial liabilities essentially include liabilities to employees, outstanding purchase invoices, and customers with credit balances.

[32] Other liabilities

in millions of EUR	2021	Thereof due within one year	2020	Thereof due within one year
Prepaid expenses	32.6	32.6	12.9	12.9
Other liabilities	578.4	576.8	484.1	483.2
Total	**611.0**	**609.4**	**497.0**	**496.1**

Liabilities relating to social security amount to EUR 84.6 million (2020: EUR 71.4 million).
In addition, sundry liabilities include liabilities from other taxes of EUR 175.6 million (2020: EUR 156.8 million).

[33] Additional disclosures on financial instruments—carrying amounts and fair values by measurement category IFRS 9

in millions of EUR **Assets**	Measurement category under IFRS 9	Carrying amount **31 Dec. 2021**	Fair value **31 Dec. 2021**
Financial assets	FVTPL/AC	110.3	110.3
Receivables from the banking business	AC	1,219.5	1,219.5
Trade receivables	AC	2,376.2	2,376.2
Other financial assets			
Derivative financial assets	FVTPL	5.4	5.4
Sundry financial assets	AC	201.0	201.0
Securities	FVTPL/AC	83.8	83.8
Cash and cash equivalents	AC	1,216.8	1,216.8
Equity and liabilities			
Liabilities from the banking business	AC	1,286.1	1,286.1
Trade payables	AC	1,091.9	1,091.9
Financial liabilities	FVTPL/AC	1,867.3	1,907.6
Other financial liabilities			
Liabilities to related parties	AC	177.1	177.1
Derivative liabilities	FVTPL	7.5	7.5
Liabilities from business combinations	FVTPL	4.3	4.3
Sundry financial liabilities	AC	513.9	513.9
Thereof combined by measurement category in accordance with IFRS 9:			
Financial assets measured at amortized cost	AC	5,118.1	5,118.1
Financial liabilities measured at amortized cost	AC	4,902.1	4,942.4
Financial assets at fair value through profit or loss	FVTPL	94.8	94.8
Financial liabilities at fair value through profit or loss	FVTPL	46.0	46.0

in millions of EUR **Assets**	Measurement category under IFRS 9	Carrying amount **31 Dec. 2020**	Fair value **31 Dec. 2020**
Financial assets	FVTPL/AC	99.5	99.5
Receivables from the banking business	AC	1,132.1	1,132.1
Trade receivables	AC	1,941.9	1,941.9
Other financial assets			
Derivative financial assets	FVTPL	7.5	7.5
Sundry financial assets	AC	157.5	157.5
Securities	FVTPL/AC	84.5	84.5
Cash and cash equivalents	AC	1,386.4	1,386.4
Equity and liabilities			
Liabilities from the banking business	AC	1,110.2	1,110.2
Trade payables	AC	817.3	817.3
Financial liabilities	FVTPL/AC	2,071.8	2,150.0
Other financial liabilities			
Liabilities to related parties	AC	116.5	116.5
Derivative liabilities	FVTPL	10.3	10.3
Liabilities from business combinations	FVTPL	3.4	3.4
Sundry financial liabilities	AC	438.2	438.2
Thereof combined by measurement category in accordance with IFRS 9:			
Financial assets measured at amortized cost	AC	4,711.6	4,711.6
Financial liabilities measured at amortized cost	AC	4,513.8	4,591.9
Financial assets at fair value through profit or loss	FVTPL	97.9	97.9
Financial liabilities at fair value through profit or loss	FVTPL	54.0	54.0

Measurement of the fair value of the Würth Group's assets and liabilities by hierarchical level

in millions of EUR	**Total 31 December 2021**	Listed price on active markets (level 1)	Material observable input parameter (level 2)	Material unobservable input parameter (level 3)
Financial assets	21.1	0.0	21.1	0.0
Derivative assets				
Currency instruments	2.6	0.0	2.6	0.0
Interest instruments	9.0	0.0	9.0	0.0
Securities	68.5	68.5	0.0	0.0
Financial assets at fair value	**101.2**	**68.5**	**32.7**	**0.0**
Liabilities to non-controlling interests	34.3	0.0	0.0	34.3
Derivative liabilities				
Currency instruments	18.0	0.0	18.0	0.0
Interest instruments	4.4	0.0	4.4	0.0
Liabilities from business combinations	4.3	0.0	0.0	4.3
Financial liabilities at fair value	**61.0**	**0.0**	**22.4**	**38.6**

in millions of EUR	**Total 31 December 2020**	Listed price on active markets (level 1)	Material observable input parameter (level 2)	Material unobservable input parameter (level 3)
Financial assets	21.4	0.0	21.4	0.0
Derivative assets				
Currency instruments	17.3	0.0	17.3	0.0
Interest instruments	9.6	0.0	9.6	0.0
Securities	69.0	69.0	0.0	0.0
Financial assets at fair value	**117.3**	**69.0**	**48.3**	**0.0**
Liabilities to non-controlling interests	40.3	0.0	0.0	40.3
Derivative liabilities				
Currency instruments	9.4	0.0	9.4	0.0
Interest instruments	5.5	0.0	5.5	0.0
Liabilities from business combinations	3.4	0.0	0.0	3.4
Financial liabilities at fair value	**58.6**	**0.0**	**14.9**	**43.7**

Financial assets and liabilities not stated at fair value:

in millions of EUR	**Total 31 December 2021**	Listed price on active markets (level 1)	Material observable input parameter (level 2)
Financial assets	89.2	0.0	89.2
Receivables from the banking business	1,219.5	0.0	1,219.5
Trade receivables	2,376.2	0.0	2,376.2
Sundry financial assets	201.0	0.0	201.0
Securities	15.3	0.0	15.3
Cash and cash equivalents	1,216.8	1,216.8	0.0
Financial assets not stated at fair value	**5,118.0**	**1,216.8**	**3,901.2**
Liabilities from the banking business	1,286.1	0.0	1,286.1
Trade payables	1,091.9	0.0	1,091.9
Financial liabilities (partially excluding liabilities to other companies)	1,833.0	0.0	1,833.0
Liabilities to related parties	177.1	0.0	177.1
Sundry financial liabilities	513.9	0.0	513.9
Financial liabilities not stated at fair value	**4,902.0**	**0.0**	**4,902.0**

in millions of EUR	**Total 31 December 2020**	Listed price on active markets (level 1)	Material observable input parameter (level 2)
Financial assets	78.1	0.0	78.1
Receivables from the banking business	1,132.1	0.0	1,132.1
Trade receivables	1,941.9	0.0	1,941.9
Sundry financial assets	157.5	0.0	157.5
Securities	15.5	0.0	15.5
Cash and cash equivalents	1,386.4	1,386.4	0.0
Financial assets not stated at fair value	**4,711.5**	**1,386.4**	**3,325.1**
Liabilities from the banking business	1,110.2	0.0	1,110.2
Trade payables	817.3	0.0	817.3
Financial liabilities (partially excluding liabilities to other companies)	2,031.5	0.0	2,031.5
Liabilities to related parties	116.5	0.0	116.5
Sundry financial liabilities	438.2	**0.0**	438.2
Financial liabilities not stated at fair value	**4,513.7**	**0.0**	**4,513.7**

Additional information on the determination of fair value can be found under [4] "Financial instruments" in Section I. Other notes.

Contractually agreed remaining terms to maturity from financial liabilities

in millions of EUR	Carrying amounts **31 December 2021**	Cash flow < 1 year	Cash flow 1–5 years	Cash flow > 5 years
Financial liabilities				
Bonds, liabilities to banks	1,828.3	592.5	539.0	755.6
Trade payables	1,091.9	1,091.9	0.0	0.0
Derivative financial liabilities				
Inflows from currency derivatives	–	831.1	103.0	0.0
Outflows from currency derivatives	18.0	851.9	108.2	0.0
Outflows from interest rate derivatives	4.4	5.7	9.7	5.7

in millions of EUR	Carrying amounts **31 December 2020**	Cash flow < 1 year	Cash flow 1–5 years	Cash flow > 5 years
Financial liabilities				
Bonds, liabilities to banks	2,009.2	271.3	1,053.9	761.3
Trade payables	817.3	817.3	0.0	0.0
Derivative financial liabilities				
Inflows from currency derivatives	–	523.8	32.4	0.0
Outflows from currency derivatives	9.4	534.7	33.8	0.0
Outflows from interest rate derivatives	5.5	2.2	3.7	–2.9

Change in liabilities from financing activities

in millions of EUR	1 January 2021	Additions due to changes in the consolidated group	Cash flows	Exchange rate changes	Changes in fair value	New leases	Other	31 December 2021
Bonds > 1 year	1,752.3	0.0	0.0	0.0	-2.7	–	-499.6	1,250.0
Bonds < 1 year	163.5	0.0	-175.9	12.4	0.3	–	499.6	499.9
Liabilities to banks > 1 year	6.5	7.9	0.2	-0.4	0.0	–	-12.6	1.6
Liabilities to banks < 1 year	86.9	4.9	-28.0	0.5	0.0	–	12.6	76.9
Lease liabilities > 1 year	723.8	4.9	0.0	-0.8	0.0	187.7	-197.0	718.6
Lease liabilities < 1 year	249.7	1.8	-287.5	4.5	0.0	121.5	169.1	259.1
Receivables from/liabilities to family trusts and the Würth family	80.5	0.0	62.8	0.0	0.0	–	0.0	143.3
Total liabilities from financing activities	**3,063.2**	**19.5**	**-428.4**	**16.2**	**-2.4**	**309.2**	**-27.9**	**2,949.4**

in millions of EUR	1 January 2020	Cash flows	Exchange rate changes	Changes in fair value	New leases	Other	31 December 2020
Bonds > 1 year	1,181.9	746.1	-14.7	2.5	0.0	-163.5	1,752.3
Liabilities to banks > 1 year	12.0	1.0	0.0	0.0	0.0	-6.5	6.5
Lease liabilities > 1 year	640.5	0.0	-4.9	0.0	250.2	-162.0	723.8
Bonds < 1 year	499.9	-500.0	0.0	0.1	0.0	163.5	163.5
Liabilities to banks < 1 year	176.0	-84.4	-1.9	0.0	0.0	-2.8	86.9
Lease liabilities < 1 year	269.7	-310.0	-0.1	0.0	129.0	161.1	249.7
Receivables from/liabilities to family trusts and the Würth family	18.9	61.6	0.0	0.0	0.0	0.0	80.5
Total liabilities from financing activities	**2,798.9**	**-85.7**	**-21.6**	**2.6**	**379.2**	**-10.2**	**3,063.2**

I. Other notes

[1] Commitments and contingencies

in millions of EUR	2021	2020*
Guarantees, warranties, and collateral for third-party liabilities	24.3	16.5

* Prior-year figures have been adjusted

Guarantees, warranties, and collateral are due immediately upon request.

[2] Other financial obligations

in millions of EUR	2021	2020*
Purchase obligations		
due within 12 months	1,466.6	781.0
due in 13 to 60 months	1.1	0.1
	1,467.7	**781.1**
Sundry financial obligations		
due within 12 months	39.6	34.6
due in 13 to 60 months	190.2	230.1
due in more than 60 months	0.0	0.0
	229.8	**264.7**
Total	**1,697.5**	**1,045.8**

* Prior-year figures have been adjusted

The sundry financial obligations contain irrevocable lending commitments of Internationales Bankhaus Bodensee AG, Friedrichshafen, Germany, in the amount of EUR 187.8 million (2020: EUR 232.1 million).

[3] Contingent liabilities

As an international group with various areas of business, the Würth Group is exposed to many legal risks. This is especially true of risks for warranties, tax law, and other legal disputes. However, according to the assessment by the Central Managing Board, no decisions are expected that would have a significant influence on the net assets of the Group. Tax field audits at Group entities have not been completed yet and the related audit findings have not been reported yet.

[4] Financial instruments

Financial risk management

Through its financial activities, the Würth Group is subject to various risks that are assessed, managed, and monitored by a systematic risk management system.

Details of the Group's management of market risks (exchange rates, interest rates, and securities risks), credit risks, and liquidity exposures are presented below.

Exchange rate risks

The Würth Group is exposed to currency risks from financing and operating activities. By exchange rate risks, the Würth Group means the exposure of the assets and income disclosed resulting from exchange rate fluctuations between the transaction currency and the functional currency in each case.

As far as operations are concerned, the individual Group entities mainly carry out their activities in their own functional currency. The currency risk for the Würth Group from current operating activities is therefore classified as low. Exchange rate risks are countered by forward exchange contracts and currency options. Derivative financial instruments are used to hedge future sales and purchased goods against exchange rate risks. These are not, however, designated as hedges and are measured at fair value through profit or loss.

Regarding the presentation of market risks, IFRS 7 requires sensitivity analyses showing how profit or loss and equity would be affected by hypothetical changes in the relevant risk variables.

If the euro had depreciated (appreciated) against the following currencies by 10 percent as of 31 December 2021, the hypothetical effect on profit or loss would have been as follows:

in millions of EUR	Hypothetical effect on profit or loss 2021		Hypothetical effect on profit or loss 2020	
Currency	Depreciation	Appreciation	Depreciation	Appreciation
US dollar	7.5	-7.5	-7.7	7.7
Swiss franc	14.6	-14.6	14.2	-14.2
Pound sterling	1.2	-1.2	1.9	-1.9
Danish krone	4.7	-4.7	3.4	-3.4
Swedish krona	4.5	-4.5	4.7	0.0
Other	-1.1	1.1	4.9	-4.9

There were no changes affecting other comprehensive income.

Interest rate risks

By interest rate risk, the Würth Group refers to the negative effects on the net assets and results of operations resulting from changes in interest rates. One of the methods used to counter this risk is to ensure that a large portion of external financing is in fixed-interest rate bonds. In addition, derivatives are used for risk management purposes (e.g., interest rate swaps).

The interest rate risk is mainly limited to the liabilities to banks with floating interest rates listed under [27] "Financial liabilities" and the items presented under [15] "Receivables from financial services" and under [26] "Liabilities from financial services" in Section H. Notes on the consolidated statement of financial position.

Under IFRS 7, interest rate risks are presented using sensitivity analyses. These present the effects of changes in market interest rates on interest payments, interest income and expenses, other components of profit or loss, and, if applicable, on equity.

If the market interest level had been 100 base points higher (lower) as of 31 December 2021, profit or loss would have been EUR 12.6 million lower (higher) (2020: EUR 14.1 million). The hypothetical effect on profit or loss is mainly attributable to overdraft facilities as well as receivables and liabilities from financial services. Equity would change accordingly.

There were no changes affecting other comprehensive income.

Securities risks

The Würth Group is exposed to securities risks because of its investments. Specifically, there is a risk of financial loss due to changes in prices of (publicly traded) securities. One way of countering this risk is through diversification of the investment portfolio. When selecting bonds, a minimum rating of BBB (Standard & Poor's) is generally required. The rating development is monitored on a daily basis. If the bonds are downgraded by the rating agency, they are sold immediately. In addition, derivatives are used for risk management purposes to hedge securities risks.

Credit risks

Credit risks are countered by limiting business relationships to first-class banks with a minimum rating of BBB (Standard & Poor's). Default risks from receivables are minimized by continuously monitoring the creditworthiness of the counterparty and by limiting the aggregated individual risks from the counterparty. Standardized master agreements from the International Swaps and Derivatives Association (ISDA master agreements), including the Credit Support Annex (CSA), are in place with those external counterparties of the Würth Group with whom it enters into transactions as part of its financial risk management.

The maximum credit risk is the carrying amount of the financial assets recognized in the statement of financial position. The credit risk from operating activities is accounted for by recognizing a portfolio-based specific allowance on trade receivables.

Additional information about credit risks may be found under [15] "Receivables from financial services" and [18] "Trade receivables" in Section H. Notes on the consolidated statement of financial position.

Liquidity risks

The Würth Group needs liquidity to meet its financial obligations. Group entities are obliged by the Group's guidelines to deposit any excess cash not needed to meet current obligations with Würth Finance International B.V., 's-Hertogenbosch, Netherlands, or Adolf Würth GmbH & Co. KG, Künzelsau, Germany, to make it available to the Würth Group. The high international credit rating received by the Würth Group (Standard & Poor's issued an A rating on the Würth Group's non-current liabilities) means that the Group can obtain favorable terms for procuring funds on international capital markets. In order to be in a position to meet its payment obligations at any time, even in extraordinary circumstances, the Würth Group also maintains lines of credit with various banks to cover potential liquidity bottlenecks. The Group has a fixed undrawn credit line of EUR 400 million provided by a syndicate of banks until July 2023.

Default risk
Default risk from receivables from customers is controlled on the basis of the Würth Group's guidelines, procedures, and controls for customer default management. The individual credit lines for customers are determined according to the credit rating. Outstanding receivables from customers are monitored regularly.
The impairment requirement is analyzed at each reporting date using the impairment matrix to determine the expected credit losses. The impairment rates are determined on the basis of the past-due period in days with customers grouped together with similar default patterns. The calculation includes the probability-weighted result taking into account the interest effect and appropriate and reliable information about past results, current circumstances, and expected future economic conditions available on the reporting date. The maximum default risk on the reporting date corresponds to the carrying amount of each class of financial asset reported. The impairment matrix for receivables from customers may be found under [18] "Trade receivables" in Section H. Notes on the consolidated statement of financial position.

Capital management
The primary objective of the Würth Group's capital management is to ensure that it maintains a strong credit rating and healthy equity ratio. The Würth Group manages its capital structure taking into account changes in the economic environment. In addition, the financial service providers within the Würth Group comply with the applicable regulatory capital requirements. No changes were made to the objectives, policies, and processes as of 31 December 2021 and 31 December 2020. The equity ratio, calculated as equity in accordance with IFRS divided by total assets, is 45.2 percent (2020: 43.8 percent). This means that the equity ratio is higher than the industry average and ensures the Würth Group an investment grade A rating at present.

Fair value of financial instruments
The fair value of the financial instruments reported under financial assets, which form part of the portfolio of financial instruments measured at fair value through profit or loss or part of financial instruments measured at amortized cost, is estimated largely by comparison with their listed market price on the reporting date.

The fair value of securities classified as financial instruments at fair value through profit or loss is determined in accordance with the valuation methods described in [22] "Securities" in Section H. Notes on the consolidated statement of financial position. The result of adjusting the fair value of financial assets at fair value through profit or loss amounted to EUR 2.0 million in the fiscal year under review (2020: EUR 1.6 million) and was recorded in full in profit or loss for the period.

The fair value of forward exchange contracts is measured using the closing rates on the forward exchange markets. Interest rate swaps are measured at fair value on the basis of the present value of estimated future cash flows. The fair value of options is measured using option-pricing models. The Würth Group has a policy of obtaining confirmation of the fair value of all the above instruments from the banks that arranged the respective contracts for the Würth Group.

The financial instruments not measured at fair value within the Würth Group primarily comprise certain cash equivalents, trade receivables, other current assets, other non-current assets, trade payables, and other liabilities, overdraft facilities, non-current loans, and held-to-maturity investments.

The carrying amount of cash equivalents and overdraft facilities approximates fair value due to the short maturities of the financial instruments.
The historical cost carrying amount of receivables and payables subject to normal trade credit terms also approximates fair value.

The fair value of non-current liabilities is based on the market price for these liabilities or similar financial instruments or on the current interest rates for borrowing at similar terms and conditions. The amounts reported in the consolidated statement of financial position are very close to their fair value or are separately stated under [33] "Additional disclosures on financial instruments—carrying amounts and fair values by measurement category IFRS 9" in Section H. Notes on the consolidated statement of financial position.

Derivative financial instruments and hedge accounting

As of the reporting date, the fair value of derivative financial instruments was as follows:

in millions of EUR	Contract value or nominal value		Positive replacement value		Negative replacement value	
Type	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Currency instruments						
Foreign exchange forward contracts	1,406.3	1,261.0	2.6	4.4	18.0	9.3
Currency options (OTC)	0.0	7.2	0.0	12.9	0.0	0.1
Total currency instruments	**1,406.3**	**1,268.2**	**2.6**	**17.3**	**18.0**	**9.4**
Interest instruments						
Interest rate swaps	585.1	661.2	7.4	9.1	3.1	2.9
Cross-currency swaps	290.7	154.3	1.6	0.5	1.3	2.6
Interest rate futures	20.6	51.0	0.0	0.0	0.0	0.0
Total interest instruments	**896.4**	**866.5**	**9.0**	**9.6**	**4.4**	**5.5**
Reduction due to CSA			**6.2**	**19.4**	**14.9**	**4.6**
Net replacement value			–2.1	–2.8		

As part of financial risk management, a credit support annex (CSA) was entered into. For this reason, the positive and negative replacement values of the interest instruments were all presented as a net value in the statement of financial position, that is to say, after taking into account the cash settlement under the CSA.

Derivative financial instruments not designated as hedging instruments show the change in the fair value of the foreign exchange forward contracts that are not designated as hedging instruments in hedges but are nevertheless designed to reduce the currency/interest rate risk of the Würth Group.

Cash flow hedges

The Würth Group designates cash flow hedges as part of its strategy to reduce its interest rate and foreign currency fluctuations within defined limits and to reduce the cash flow fluctuations resulting from the exchange rate and interest rate risks of an instrument or a group of instruments.
Interest rate swaps are mainly used to hedge cash flows for highly probable forecast transactions.

The following table shows the results of the hedges:

in millions of EUR **Micro cash flow hedges**	Assets **2021**	Liabilities **2021**	Assets **2020**	Liabilities **2020**
Planned new bond 2018 EUR	0.0	0.3	0.0	0.3
Planned new bond 2020 EUR	0.0	10.7	0.0	12.7

The micro cash flow hedge in connection with the new issue of a Würth bond in 2018 was terminated in 2018. The loss in other comprehensive income from premature termination will be recognized in profit and loss over the actual derivative term from May 2019 onward.

The micro cash flow hedge in connection with the new issue of a Würth bond in 2020 was terminated in 2020. The loss in other comprehensive income from premature termination will also be recognized in profit and loss over the actual derivative term from May 2020 onward.

Fair value hedges
Fair value hedges within the Würth Group essentially consist of interest rate swaps that are used to hedge against changes in the market value of the fixed-interest Würth bond maturing in 2025.

The following table shows the results of the hedges, in particular the nominal value and book value of derivatives used by the Würth Group as hedging instruments:

in millions of EUR **Micro fair value hedges**	Nominal amount	Assets **2021**	Liabilities **2021**	Assets **2020**	Liabilities **2020**
Bond 2025	150.0	4.4	0.0	8.1	0.0

The following table shows the maturity and interest rate risk profile of the hedging instruments used in fair value hedges. Since the Würth Group only uses micro hedges with a ratio of 1:1 hedges, the following table effectively shows the result of the fair value hedges:

in millions of EUR **31 December 2021**	< 1 year	1–5 years	> 5 years
Bond 2025	0.0	4.4	0.0

In accordance with its hedging strategy, the Würth Group adapts the principle of hedging instruments to the principle of hedged items.

If the hedging instrument expires or is sold, terminated or exercised, or if the hedging transaction no longer meets the criteria for hedge accounting, or if the Würth Group decides to voluntarily terminate the hedging relationship, the hedging relationship is terminated prospectively. If the relationship does not meet the criteria for hedge effectiveness, the Würth Group discontinues hedge accounting from the last day on which compliance with the hedge effectiveness was demonstrated. If the hedging relationship for an item carried at amortized cost is terminated, the cumulative fair value hedge adjustment to the carrying amount of the hedged item is amortized over the remaining term of the original hedging instrument. When the hedged item is derecognized, the unamortized fair value adjustment is immediately recognized in the consolidated income statement.

[5] Leases: The Würth Group as the lessor

The consolidated group also contains several entities that specialize in leases. These entities also have finance and operating lease agreements with external third parties. They comprise lease agreements primarily for machines, equipment, furniture and fixtures, and vehicles.

Finance leases

in millions of EUR	**2021**	**2020**
Lease installments (future minimum lease payments)	930.4	761.3
due within 12 months	347.3	292.1
due in 1 to 2 years	214.7	167.8
due in 2 to 3 years	165.5	141.1
due in 3 to 4 years	110.3	89.7
due in 4 to 5 years	62.3	45.3
due in more than 5 years	30.3	25.3
Unearned finance income	69.9	60.1
Unguaranteed residual value	0.0	0.0
Net investment in the lease	**860.5**	**701.2**
Lease payments already sold	322.0	267.9
Advance payments on leased assets	53.0	38.0
Impairments on lease receivables	11.2	8.6
Lease receivable (net)	**1,224.3**	**998.5**

The finance leases are mainly hire-purchase arrangements or full payout lease agreements with a maximum term of over 90 percent of the leased assets' estimated useful life. The contracts can only be terminated for due cause for which the counterparty is responsible.

Income realized from finance leases

in millions of EUR	2021	2020
Disposal gain (+)/loss (–)	5.1	2.5
Financial revenue on the net investment in the lease	32.4	29.0
Income from variable lease payments not included in the measurement of the net investment in the lease	0.4	0.4
Total	**37.9**	**31.9**

Operating leases

Maturity analysis of operating leases:

in millions of EUR	2021	2020
due within 12 months	2.0	2.7
due in 1 to 2 years	1.9	1.9
due in 2 to 3 years	1.7	1.8
due in 3 to 4 years	0.0	1.6
due in 4 to 5 years	0.0	0.0
due in more than 5 years	0.0	0.0
Total	**5.6**	**8.0**

Leasing income of EUR 2.2 million was generated from operating leases (2020: EUR 2.0 million).

Reconciliation of the carrying amount from operating leases:

in millions of EUR	Technical equipment and machines	Other equipment, furniture, and fixtures	Total
Cost			
1 January 2021	15.7	2.5	18.2
Disposals	0.6	0.9	1.5
31 December 2021	**15.1**	**1.6**	**16.7**
Accumulated depreciation and impairment			
1 January 2021	8.1	1.5	9.6
Amortization and depreciation	1.6	0.2	1.8
Disposals	0.2	0.8	1.0
31 December 2021	**9.5**	**0.9**	**10.4**
Net carrying amount Cost			
31 December 2021	**5.6**	**0.7**	**6.3**

in millions of EUR	Technical equipment and machines	Other equipment, furniture, and fixtures	Total
Cost			
1 January 2020	17.4	3.5	20.9
Disposals	1.7	1.0	2.7
31 December 2020	**15.7**	**2.5**	**18.2**
Accumulated depreciation and impairment			
1 January 2020	7.4	1.6	9.0
Amortization and depreciation	1.7	0.3	2.0
Disposals	1.0	0.4	1.4
31 December 2020	**8.1**	**1.5**	**9.6**
Net carrying amount			
31 December 2020	**7.6**	**1.0**	**8.6**

[6] Related parties

Basically, related parties are members of the Würth family and entities controlled by them, as well as key management personnel (members of the Würth Group's Central Managing Board and the Executive Board), members of the Advisory Board of the Würth Group, the Management Board of the Würth Group's Family Trusts, the Supervisory Board of the Würth Group's Family Trusts, and close family members of the aforementioned groups of persons. "Related parties" also include the family trusts. Related party transactions were all conducted at arm's length.

Payments of EUR 320.3 million (2020: EUR 302.5 million) were made to members of the Würth family and the family trusts for distributions and usufructuary rights. Of the payments made, an amount of EUR 169.1 million (2020: EUR 156.6 million) was later recontributed.

The transactions and interest income and expenses listed below were effected between the Würth Group and the Würth family, members of the Central Managing Board, the Executive Board and the Advisory Board, as well as the Management Board and the Supervisory Board of the Würth Group's Family Trusts.

in millions of EUR	2021	2020
Purchased services	4.9	3.5
Services rendered	0.1	0.1
Interest cost	0.3	0.9
Lease/rental expense	5.8	5.3
Lease/rental income	0.9	0.6
Remuneration of the Management Board and Supervisory Board of the Würth Group's Family Trusts, the Advisory Board, members of the Würth family	15.3	13.3

The following receivables and liabilities arose from these business relationships:

in millions of EUR	2021	2020
Receivables from financial services	24.0	20.9
Liabilities from financial services	4.6	4.1
Loan liabilities	82.1	42.2

In addition, close family members of key management personnel have the following liabilities:

in millions of EUR	2021	2020
Liabilities from financial services	0.5	0.5
Loan liabilities	12.9	15.6

There was also remuneration paid to family members of key management personnel amounting to EUR 0.4 million (2020: EUR 0.1 million).

The income and expenses listed below were transacted between the Würth Group and the family trusts:

in millions of EUR	2021	2020
Lease/rental expense	1.0	1.0
Purchased services	0.0	0.7
Interest cost	5.5	4.9

These transactions gave rise to loan liabilities of EUR 82.1 million (2020: EUR 58.7 million).

The receivables due from and liabilities due to related parties for financial services are subject to market interest rates. All other purchased services are also rendered at market terms and conditions.

[7] Compensation of key management personnel

in millions of EUR	2021	2020
Short-term employee benefits	47.8	39.4
Total	**47.8**	**39.4**

Individual members of the Central Managing Board and the Executive Board have a right to pension benefits with a total present value of EUR 16.7 million (2020: EUR 19.9 million). Former members and their surviving dependents are also entitled to benefit payments. The present value of the resulting benefit obligations totals EUR 16.1 million (2020: EUR 19.3 million). The reduction is due to settlements of existing pension obligations.

[8] Government grants

The table below shows government grants, which decreased in the 2021 fiscal year. In the 2020 fiscal year, they were received primarily due to the COVID-19 pandemic:

in millions of EUR	2021	2020
Investment subsidies for infrastructure projects deducted from the carrying amount	0.2	0.2
Investment subsidies for infrastructure projects recognized immediately in profit or loss	1.0	2.1
Reimbursements of social security contributions due to the use of short-time work schemes	0.4	8.7
Wage subsidies	2.8	20.0
Subsidies for rental and lease payments	0.0	0.2
Other subsidies	0.4	0.3
Total	**4.8**	**31.5**

[9] Auditor's fees

The following table shows, on aggregate, the fees incurred for the services provided by the auditor Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Germany, in the 2021 fiscal year.

in millions of EUR	2021	2020
Audit	2.1	1.8
Tax services	0.1	0.1
Other fees	0.2	0.1
Total	**2.4**	**2.0**

[10] Exemption from the duty of partnerships and stock corporations to prepare, audit, and disclose financial statements

The following German Group entities organized as partnerships made use of the exemption clause according to Sec. 264b HGB for the 2021 fiscal year:

Entity	Registered office
Abraham Diederichs GmbH & Co. oHG	Wuppertal
Adolf Menschel Verbindungstechnik GmbH & Co. KG	Plettenberg
Adolf Würth GmbH & Co. KG	Künzelsau
Arnold Umformtechnik GmbH & Co. KG	Forchtenberg
Baier & Michels GmbH & Co. KG	Ober-Ramstadt
Conpac GmbH & Co. KG	Celle
Erwin Büchele GmbH & Co. KG	Esslingen am Neckar
Hommel Hercules-Werkzeughandel GmbH & Co. KG	Viernheim
IMS-Verbindungstechnik GmbH & Co. KG	Neuenstein
IVT Installations- und Verbindungstechnik GmbH & Co. KG	Rohr
Marbet Marion & Bettina Würth GmbH & Co. KG	Schwäbisch Hall
Meguin GmbH & Co. KG Mineraloelwerke	Saarlouis
MKT Metall-Kunststoff-Technik GmbH & Co KG	Weilerbach
SARTORIUS Werkzeuge GmbH & Co. KG	Ratingen
Siller & Laar Schrauben- Werkzeug- und Beschläge- Handel GmbH & Co. KG	Augsburg
Sonderschrauben Güldner GmbH & Co. KG	Niederstetten
SYNFIBER AS & Co. beschränkt haftende KG	Worms
Teudeloff GmbH & Co. KG	Waldenburg
TOGE Dübel GmbH & Co. KG	Nuremberg
TUNAP GmbH & Co. KG	Wolfratshausen
UNI ELEKTRO Fachgroßhandel GmbH & Co. KG	Eschborn
Waldenburger Beteiligungen GmbH & Co. KG	Künzelsau
Werkzeugtechnik Niederstetten GmbH & Co.KG	Niederstetten
WLC Würth-Logistik GmbH & Co. KG	Künzelsau
Würth Elektrogroßhandel GmbH & Co. KG	Künzelsau
Würth Elektronik eiSos GmbH & Co. KG	Waldenburg
Würth Elektronik GmbH & Co KG	Niedernhall
Würth Elektronik ICS GmbH & Co. KG	Niedernhall
Würth GmbH & Co. KG Grundstücksgesellschaft	Künzelsau
Würth Immobilien-Leasing GmbH & Co.KG	Albershausen
Würth Industrie Service GmbH & Co. KG	Bad Mergentheim
Würth IT International GmbH & Co. KG	Bad Mergentheim
Würth Leasing GmbH & Co. KG	Albershausen
Würth Modyf GmbH & Co. KG	Künzelsau
Würth TeleServices GmbH & Co. KG	Künzelsau

The following German Group entities organized as corporations made use of the exemption clause according to Sec. 264 (3) HGB for the 2021 fiscal year:

Entity	Registered office
BB-Stanz- und Umformtechnik GmbH	Berga
Chemofast Anchoring GmbH	Willich-Münchheide
Conmetall Meister GmbH	Celle
Deko-Light Elektronik-Vertriebs GmbH	Karlsbad
Dinol GmbH	Lügde
Dringenberg GmbH Betriebseinrichtungen	Elhofen
E 3 Energie Effizienz Experten GmbH	Künzelsau
EKOR Tech GmbH	Potsdam
enfas GmbH	Karlshuld
Erbschloe Werkzeug Vertriebsgesellschaft mbH	Wuppertal
ESB Grundstücksverwaltungsgesellschaft mbH	Eschborn
FEGA & Schmitt Elektrogroßhandel GmbH	Ansbach
FELO-Werkzeugfabrik Holland-Letz GmbH	Neustadt
Flugplatz Schwäbisch Hall GmbH	Schwäbisch Hall
Grass GmbH	Reinheim
HAHN+KOLB Werkzeuge GmbH	Ludwigsburg
HSR GmbH Hochdruck Schlauch + Rohr Verbindungen	Neukirchen-Vluyn
INDUNORM Hydraulik GmbH	Neukirchen-Vluyn
KERONA GmbH	Öhringen
Kisling (Deutschland) GmbH	Künzelsau
KOSY Gesellschaft zur Förderung des holzverarbeitenden Handwerks mbH	Künzelsau
Lichtzentrale Lichtgroßhandel GmbH	Ansbach
Liqui Moly Gesellschaft mit beschränkter Haftung	Ulm
Meguin Verwaltungs-GmbH	Saarlouis
Meister-Werkzeuge, Werkzeugfabrik Vertriebsgesellschaft mbH	Wuppertal
"METAFRANC" Möbel- u. Baubeschläge Vertriebsgesellschaft mbH	Wuppertal
MKT Metall-Kunststoff-Technik Beteiligungsgesellschaft mbH	Weilerbach
nordberliner Elektro-Großhandels-Gesellschaft mbH	Eschborn

Entity	Registered office
Normfest GmbH	Velbert
Panorama Hotel- und Service GmbH	Waldenburg
Pronto-Werkzeuge GmbH	Wuppertal
RECA NORM GmbH	Kupferzell
Reinhold Würth Holding GmbH	Künzelsau
Reinhold Würth Musikstiftung gemeinnützige GmbH	Künzelsau
REISSER Schraubentechnik GmbH	Ingelfingen
Schmitt Elektrogroßhandel GmbH	Fulda
SCREXS GmbH	Waldenburg
SVH Handels-GmbH	Dortmund
SWG Schraubenwerk Gaisbach GmbH	Waldenburg
UNI ELEKTRO Handels- und Beteiligungs-GmbH	Eschborn
Walter Kluxen GmbH	Hamburg
WASI GmbH	Wuppertal
WLC Personal GmbH	Adelsheim
WOW ! Würth Online World GmbH	Künzelsau
WPS Beteiligungen GmbH	Künzelsau
WSS Würth Shared Services GmbH	Künzelsau
WUCATO Marketplace GmbH	Stuttgart
Würth Aerospace Solutions GmbH	Bad Mergentheim
Würth Aviation GmbH	Künzelsau
Würth Cloud Services GmbH	Bad Mergentheim
Würth Elektronik CBT International GmbH	Niedernhall
Würth Elektronik iBE GmbH	Thyrnau
Würth IT GmbH	Bad Mergentheim
Würth Logistic Center Europe GmbH	Künzelsau
Würth Logistics Deutschland GmbH	Bremen
Würth MODYF International GmbH	Künzelsau
Würth Truck Lease GmbH	Dreieich
Würth Versicherungsdienst GmbH	Künzelsau

J. Notes on the consolidated statement of cash flows

In accordance with IAS 7, the consolidated statement of cash flows shows how the Würth Group's cash has changed over the fiscal year as a result of cash received and paid. It is classified by cash flows from operating, investing, or financing activities.

The effects of acquisitions and other changes in the consolidated group have been eliminated. When purchased subsidiaries are included for the first time, only the actual cash flows are shown in the consolidated statement of cash flows. Cash and cash equivalents in the consolidated statement of cash flows consist of cash, demand deposits, and short-term investments (e.g., money market funds). The effects of acquisitions and other changes in the consolidated group on the consolidated statement of cash flows have been considered separately. Please refer to Section C. "Consolidated group."

At EUR 1,033.9 million, the **cash flow from operating activities** is down considerably in a year-on-year comparison (2020: EUR 1,600.3 million). Specifically, the figure for earnings before income taxes is adjusted for income tax paid, finance costs and finance revenue, interest income and expenses from operating activities, changes in post-employment benefit obligations, and non-cash amortization, depreciation, impairment and reversals of impairment on intangible assets and property, plant, and equipment.

Other non-cash income and expenses are as follows:

in millions of EUR	2021	2020
Expenses from receivables that have been derecognized	46.2	46.1
Additions to/reversal of allowances for trade receivables	-3.5	10.7
Expenses/income from the measurement of inventories at their net realizable value	69.6	23.3
Expenses/income from the elimination of intra-group profits in relation to inventories	32.2	9.9
Income from the adjustment of purchase price liabilities from acquisitions	0.0	-6.1
Legal and consultancy fees	20.8	14.6
Other	2.3	17.7
Total non-cash expenses (+) and income (–)	**167.6**	**116.2**

The **cash flow from investing activities** rose from EUR 440.6 million to EUR 588.8 million. In the reporting year, there was higher investment in property, plant, and equipment and in newly acquired subsidiaries.

The **cash flow from financing activities** came to EUR 637.0 million (2020: EUR 270.7 million), up significantly year-on-year, as no new bond was issued in the 2021 fiscal year and the US private placement was redeemed.

K. Events after the reporting period

In the case of the bond maturing on 19 May 2022, the three-month par call option was exercised in a timely manner prior to 14 January 2022. The new maturity date of the EUR 500 million bond is therefore 21 February 2022.

24 February 2022 saw the outbreak of armed conflict in connection with the Ukraine crisis. The direct and indirect economic implications and risks for the Würth Group are difficult to forecast at the present time.

L. List of shareholdings

WÜRTH LINE CRAFT

Entity	Registered office	Würth Group share in %
Albania		
Würth Albania Ltd.	Tirana	100
Argentina		
Wumet Argentina S.A.	Canuelas	100
Würth Argentina S.A.	Buenos Aires	100
Armenia		
Würth LLC	Yerevan	100
Australia		
Würth Australia Pty Ltd	Dandenong South	100
Austria		
Würth Handelsgesellschaft m.b.H.	Böheimkirchen	100
Azerbaijan		
Wurth Azerbaijan LLC	Baku	100
Belarus		
WurthBel FLLC	Minsk	100
Belgium		
Würth Belux N.V.	Turnhout	100
Bosnia and Herzegovina		
WURTH BH d.o.o.	Hadzici	100
Brazil		
Wurth do Brasil Peças de Fixação Ltda.	Cotia	100
Bulgaria		
Würth Bulgaria EOOD	Sofia	100

Entity	Registered office	Würth Group share in %
Cambodia		
Wuerth (Cambodia) Ltd.	Phnom Penh	100
Canada		
McFadden's Hardwood & Hardware Inc.	Oakville	100
Würth Canada Ltd., Ltée	Guelph	100
Chile		
Würth Chile Ltda.	Santiago de Chile	100
China		
Wuerth Master Power Tools Limited	Hong Kong	51
Wuerth (China) Co., Ltd	Shanghai	100
Wuerth (Tianjin) International Trade Co., Ltd.	Tianjin	100
Wuerth (Zhejiang) Trade Co., Ltd	Haiyan	100
Wurth Taiwan Co., Ltd.	Miaoli	100
Wuerth (Chongqing) Hardware & Tools Co., Ltd	Chongqing	100
Wuerth (Guangzhou) International Trading Co., Ltd.	Guangzhou	100
Wurth Hong Kong Co., Ltd.	Hong Kong	100
Colombia		
Würth Colombia SA	Bogotá	100
Costa Rica		
Würth Costa Rica, S.A.	La Uruca, San José	100
Croatia		
Würth-Hrvatska d.o.o.	Zagreb	100

WÜRTH LINE CRAFT

Entity	Registered office	Würth Group share in %
Czech Republic		
Würth, spol. s r.o.	Nepreνázka	100
Würth MASTERSERVICE CZ, spol. s r.o.	Plzeň	100
Denmark		
Würth Danmark A/S	Kolding	100
Dominican Republic		
Würth Dominicana S.A.	Santo Domingo	100
Estonia		
Aktsiaselts Würth	Tallinn	100
Finland		
Würth Oy	Riihimäki	100
France		
Würth France SAS	Erstein	95
Würth Modyf France S.A.R.L.	Erstein	100
Georgia		
Würth Georgia Ltd.	Tbilisi	100
Germany		
Würth Modyf GmbH & Co. KG	Künzelsau	100
Würth MODYF International GmbH	Künzelsau	100
Greece		
Wurth Hellas S.A.	Kryoneri, Attica	100
Hungary		
Würth Szereléstechnika KFT	Budaörs	100

Entity	Registered office	Würth Group share in %
Iceland		
Würth á Íslandi ehf.	Reykjavik	100
India		
Wuerth India Pvt. Ltd.	Mumbai	100
Indonesia		
Wuerth Indonesia P.T.	Tangerang	99
Ireland		
Würth (Ireland) Limited	Limerick	100
Israel		
Würth Israel Ltd.	Caesarea	100
Italy		
KBlue s.r.l.	Neumarkt	80
Modyf S.r.l.	Tramin	100
Pandora Technology Srl	Neumarkt	100
Würth S.r.l.	Neumarkt	100
Japan		
Würth Japan Co., Ltd.	Yokohama	100
Jordan		
Wurth - Jordan Co. Ltd.	Amman	100
Kazakhstan		
Wuerth Kazakhstan Ltd.	Almaty	100
Kenya		
Wuerth Kenya Ltd.	Nairobi	100

WÜRTH LINE CRAFT

Entity	Registered office	Würth Group share in %
Kosovo		
Würth-Kosova Sh.p.k.	Gračanica	100
Kyrgyzstan		
Würth Foreign Swiss Company Ltd.	Bishkek	100
Latvia		
SIA Wurth	Riga	100
Lebanon		
Wurth Lebanon SAL	Beirut	100
Lithuania		
UAB Wurth Lietuva	Ukmerge	100
Macedonia		
Wurth Makedonija DOOEL	Cucer-Sandevo	100
Malaysia		
Wuerth (Malaysia) Sdn. Bhd.	Kuala Lumpur	100
Malta		
Würth Limited	Zebbug	99
Martinique		
Würth Caraïbes SARL	Ducos	100
Mexico		
Würth México S.A. de C.V.	Morelos	100
Moldova		
Wurth S.R.L.	Chisinau	100
Mongolia		
Wuerth Mongolia LLC	Ulaanbaatar	100
Montenegro		
Wurth d.o.o. Podgorica	Podgorica	100

Entity	Registered office	Würth Group share in %
Namibia		
Wurth Namibia (Pty) Ltd	Windhoek	100
Netherlands		
Würth Nederland B.V.	’s-Hertogenbosch	100
New Zealand		
Wurth New Zealand Ltd.	Auckland	100
Norway		
Würth MODYF AS	Hagan	100
Würth Norge AS	Hagan	100
Panama		
Würth Centroamérica S.A.	Panama City	100
Peru		
Würth Perú S.A.C.	Lima	100
Philippines		
Wuerth Philippines, Inc.	Laguna	100
Poland		
Würth Polska Sp. z o.o.	Warsaw	100
Portugal		
Würth (Portugal) Técnica de Montagem Lda.	Sintra	100
Würth Modyf Lda.	Sintra	100
Romania		
Würth Romania S.R.L	Otopeni	100
Russia		
Wuerth-Eurasia JSC	Yekaterinburg	100
AO “WÜRTH-RUS”	Moscow	100
JSC Wurth Northwest	St. Petersburg	100

WÜRTH LINE CRAFT

Entity	Registered office	Würth Group share in %
Saudi Arabia		
Wurth Saudi Arabia LLC	Riyadh	75
Serbia		
CRAFTER d.o.o.	Belgrade	50
Wurth d.o.o.	Belgrade	100
Slovakia		
Hommel Hercules France, s.r.o.	Bratislava	100
Würth spol. s r.o.	Bratislava	100
Slovenia		
Würth d.o.o.	Trzin	100
South Africa		
Wuerth South Africa (Pty.) Ltd.	Gauteng	100
Spain		
WÜRTH CANARIAS, S.L.	Las Palmas	100
Würth España, S.A.	Palau-solità i Plegamans	100
Würth Modyf S.A.	Palau-solità i Plegamans	100
Sri Lanka		
Wurth Lanka (Private) Limited	Pannipitiya	100
Sweden		
Würth Svenska AB	Örebro	100
Switzerland		
Würth AG	Arlesheim	100
Thailand		
Wuerth (Thailand) Company, Limited	Bangkok	100
Turkey		
Würth Sanayi Ürünleri Tic. Ltd. Sti.	Mimarsinan	100

Entity	Registered office	Würth Group share in %
Ukraine		
Würth Ukraine Ltd.	Kiev	100
United Arab Emirates		
Würth Gulf FZE	Dubai	100
Wurth Gulf (L.L.C.)	Dubai	49
United Kingdom		
Wurth (Northern Ireland) Ltd.	Belfast	100
Würth U.K. Ltd.	Erith	100
Uruguay		
Wurth del Uruguay S.A.	Barros Blancos	100
USA		
Dakota Premium Hardwoods LLC	Waco, Texas	100
Wurth Action Bolt & Tool Co.	Lake Worth, Florida	100
Wurth Additive Group Inc.	Greenwood, Indiana	100
Wurth Baer Supply Co.	Vernon Hills, Illinois	100
Wurth Louis and Company	Brea, California	100
Wurth USA Inc.	Ramsey, New Jersey	100
Wurth Wood Group Inc.	Charlotte, North Carolina	100
Vietnam		
Wurth Vietnam Company Limited	Ho Chi Minh City	100

WÜRTH LINE INDUSTRY

Entity	Registered office	Würth Group share in %
Australia		
Thomas Warburton Pty. Ltd.	Dandenong South	100
Belgium		
Würth Industry Belgium N.V.	Grâce-Hollogne	100
Würth Industry Belux S.A.	Grâce-Hollogne	100
Brazil		
Würth SW Industry Pecas de Fixacão Ltda.	São Bernardo do Campo	100
Canada		
Wurth Industry of Canada Ltd.	Brantford	100
China		
Würth Industry Service (China) Co., Ltd.	Shanghai	100
WASI Tianjin Fastener Co., Ltd.	Tianjin	100
Wuerth Baier & Michels (Shanghai) Automotive Fastener Co., Ltd.	Shanghai	100
Denmark		
Würth Industri Danmark A/S	Kolding	100
France		
Würth Industrie France S.A.S.	Erstein	100
Germany		
Baier & Michels GmbH & Co. KG	Ober-Ramstadt	100
Würth Aerospace Solutions GmbH	Bad Mergentheim	100
Würth Industrie Service GmbH & Co. KG	Bad Mergentheim	100
Hungary		
baier & michels Kft.	Alsónémedi	100
India		
Wuerth Industrial Services India Pvt. Ltd.	Pune	100

Entity	Registered office	Würth Group share in %
Italy		
Baier & Michels S.r.l.	Selvazzano Dentro	100
Malaysia		
Wuerth Industrial Services Malaysia Sdn. Bhd.	Kuala Lumpur	100
Mexico		
Wuerth Baier & Michels México S.A.de C.V.	Querétaro	100
Würth Industry de Mexico S de RL de CV	San Nicolas	100
Würth McAllen Maquila Services S de RL de CV	Reynosa	100
Norway		
Würth Industri Norge AS	Dokka	100
Poland		
Würth Industrie Service Polska sp. z o.o.	Bydgoszcz	100
South Africa		
Action Bolt (Pty.) Ltd.	Durban	100
South Korea		
Wuerth Korea Co., Ltd.	Gyeonggi-Do	100
Spain		
Wuerth Baier & Michels España, S.A.	Sant Quirze del Vallès	100
Würth Industria España, S.A.	Sant Quirze del Vallès	100
Sweden		
Würth Industri Sverige AB	Askim	100
Turkey		
Würth Baier Michels Otomotiv Ltd. Sti.	Bursa	100
Würth Industrie Service Endüstriyel Hizmetler Pazarlama Limited Sirketi	Silivri	100

WÜRTH LINE INDUSTRY

Entity	Registered office	Würth Group share in %
USA		
Baier & Michels USA Inc.	Greenville, South Carolina	100
Marine Fasteners Inc.	Sanford, Florida	100
Northern Safety Company, Inc.	Frankfort, New York	100
Oliver H. Van Horn Co., LLC	Metairie, Louisiana	100
ORR Safety Corporation	Louisville, Kentucky	100
Weinstock Bros., Inc.	Valley Stream, New York	100
Würth Adams Nut & Bolt Company	Brooklyn Park, Minnesota	100
Wurth Des Moines Bolt Inc.	Des Moines, Iowa	100
Wurth House of Threads Inc.	Wilmington, Delaware	100
Wurth RevCar Fasteners, Inc.	Roanoke, Virginia	100
Wurth Snider Bolt and Screw, Inc.	Louisville, Kentucky	100
Wurth Timberline Fasteners Inc.	Commerce City, Colorado	100
Wurth/Service Supply Inc.	Greenwood, Indiana	100
Vietnam		
Wuerth Industry Service (Vietnam) Company Limited	Ho Chi Minh City	100

ELECTRICAL WHOLESALE

Entity	Registered office	Würth Group share in %
Czech Republic		
Elfetex spol. s r.o.	Plzeň	100
Estonia		
W.EG Eesti OÜ	Tallinn	100
Germany		
Deko-Light Elektronik-Vertriebs GmbH	Karlsbad	100
FEGA & Schmitt Elektrogroßhandel GmbH	Ansbach	100
Lichtzentrale Lichtgroßhandel GmbH	Ansbach	100
UNI ELEKTRO Fachgroßhandel GmbH & Co. KG	Eschborn	100
Walter Kluxen GmbH	Hamburg	100
Italy		
Blumel Srl	Merano	100
MEF S.R.L.	Florence	100
M.E.B. S.R.L.	Schio	100
Latvia		
SIA Baltjas Elektro Sabiedriba	Riga	100
Lithuania		
UAB Gaudre	Vilnius	100
UAB ELEKTROBALT	Vilnius	100
Poland		
ENEXON Polska Sp. z o.o.	Poznań	100
Fega Poland Sp. z o.o.	Wrocław	100
Kaczmarek Electric S.A.	Wolsztyn	100
W.EG Polska Sp. z. o.o.	Wrocław	60
Slovakia		
HAGARD: HAL, spol. s r.o.	Nitra	100
Spain		
Grupo Electro Stocks, S.L.U.	Sant Cugat del Vallés	100

ELECTRONICS

Entity	Registered office	Würth Group share in %
Australia		
Wurth Electronics Australia Pty. Ltd.	Footscray	100
Austria		
Würth Elektronik Österreich GmbH	Schwechat	100
Belgium		
Würth Elektronik België	Turnhout	100
Bulgaria		
Würth Elektronik iBE BG EOOD	Belozem	100
China		
Midcom-Hong Kong Limited	Hong Kong	100
Nanjing enfas Technology Co, Ltd	Nanjing	15
Wuerth Electronic Tianjin Co., Ltd.	Tianjin	100
Wurth Electronics Co., Ltd.	Taipei	100
Wurth Electronics (Chongqing) Co., Ltd.	Chongqing	100
Wurth Electronics (HK) Limited	Hong Kong	100
Wurth Electronics (Shenyang) Co., Ltd.	Shenyang	100
Wurth Electronics (Shenzhen) Co., Ltd.	Shenzhen	100
Würth Elektronik eiSos GmbH & Co. KG Taiwan Branch	Taipei	100
Czech Republic		
Würth Elektronik eiSos Czech s.r.o.	Brno	100
Würth Elektronik IBE CZ s.r.o.	České Budějovice	100
Finland		
Würth Elektronik Oy	Nurmijärvi	100
France		
Würth Elektronik France SAS	Jonage	100
Germany		
EKOR Tech GmbH	Potsdam	100
enfas GmbH	Karlshuld	100
Erwin Büchele GmbH & Co. KG	Esslingen am Neckar	100

Entity	Registered office	Würth Group share in %
Germany		
Würth Elektronik CBT International GmbH	Niedernhall	100
Würth Elektronik GmbH & Co. KG	Niedernhall	94
Würth Elektronik eiSos GmbH & Co. KG	Waldenburg	100
Würth Elektronik iBE GmbH	Thyrnau	100
Würth Elektronik ICS GmbH & Co. KG	Niedernhall	100
Hungary		
Würth Elektronik Hungary Kft.	Budapest	100
India		
Wuerth Elektronik CBT India Private Limited	Bangalore	100
Wuerth Elektronik India Pvt Ltd	Bangalore	100
Wurth Electronics Services India Private Limited	Bangalore	100
Israel		
Würth Elektronik Israel LTD	Caesarea	100
Italy		
Wuerth Elektronik ICS Italia S.r.l.	San Giovanni Lupatoto	100
Wuerth Elektronik Italia s.r.l.	Vimercate	100
Wuerth Elektronik Stelvio Kontek S.p.A.	Oggiono	100
Japan		
Wurth Electronics Japan Co., Ltd.	Yokohama	100
Malaysia		
Wurth Electronics Malaysia Sdn. Bhd.	Kuala Lumpur	100
Mauritius		
Wurth Electronics Midcom International Holdings (Mauritius) LTD	Ebene	100
Mexico		
Würth Elektronik Mexico S.A. de C.V.	Irapuato	100
Netherlands		
Würth Elektronik Nederland B.V.	's-Hertogenbosch	100

ELECTRONICS

Entity	Registered office	Würth Group share in %
Poland		
Würth Elektronik Polska sp. z o.o.	Wrocław	100
Romania		
sc STM Elettromeccanica S.r.l.	Blaj	100
Würth Elektronik România S.R.L.	Bucharest	100
Russia		
Würth Elektronik RUS OOO	Moscow	100
Singapore		
Wurth Electronics Singapore Pte. Ltd.	Singapore	100
Slovenia		
Würth Elektronik eiSos, izdelava in prodaja elektronskih ter elektromehanskih komponent d.o.o.	Trbovlje	100
South Korea		
Wurth Electronics Korea Ltd.	Seoul	100
Spain		
Würth Elektronik España, S.L.	Barcelona	100
Sweden		
Würth Elektronik Sweden AB	Enköping	100
Switzerland		
Würth Elektronik (Schweiz) AG	Volketswil	100
Turkey		
Würth Elektronik Ithalat Ihracat ve Ticaret Ltd. Sti.	Ümraniye	100
United Kingdom		
IQD Frequency Products Limited	Crewkerne	100
Würth Electronics UK Ltd.	Manchester	100
USA		
IQD Frequency Products Inc	Palm Springs, California	100
Wurth Electronics ICS, Inc.	Dayton, Ohio	100
Wurth Electronics Midcom Inc.	Watertown, South Dakota	100

PRODUCTION

Entity	Registered office	Würth Group share in %
Australia		
Grass Australia/New Zealand Pty Ltd.	Coburg	100
Austria		
Grass GmbH	Höchst	100
Schmid Schrauben Hainfeld GmbH	Hainfeld	100
Canada		
Grass Canada Inc.	Toronto	100
China		
Arnold Fasteners (Shenyang) Co., Ltd.	Shenyang	100
Grass (Shanghai) International Trading Co., Ltd.	Shanghai	100
Czech Republic		
GRASS CZECH s.r.o.	Cesky Krumlov	100
Denmark		
Dokka Fasteners A/S	Brande	100
France		
Arnold Technique France SAS	Salaise-sur-Sanne	100
Germany		
Adolf Menschel Verbindungstechnik GmbH & Co. KG	Plettenberg	100
Arnold Umformtechnik GmbH & Co. KG	Forchtenberg	100
BB-Stanz- und Umformtechnik GmbH	Berga	100
Chemofast Anchoring GmbH	Willich-Münchheide	100
Dringenberg GmbH Betriebseinrichtungen	Ellhofen	100
Emil Nickisch GmbH	Burscheid	51
FELO-Werkzeugfabrik Holland-Letz GmbH	Neustadt	100
Grass GmbH	Reinheim	100
MKT Metall-Kunststoff-Technik GmbH & Co KG	Weilerbach	100
REISSER Schraubentechnik GmbH	Ingelfingen	100
SWG Schraubenwerk Gaisbach GmbH (1)	Waldenburg	100

On (1): This entity also operates in the Trade segment.

PRODUCTION

Entity	Registered office	Würth Group share in %
Germany		
TOGE Dübel GmbH & Co. KG	Nuremberg	100
Werkzeugtechnik Niederstetten GmbH & Co.KG	Niederstetten	100
Hungary		
Felo Szerszámgyár Kft.	Eger	100
Italy		
Grass Italia SRL	Pordenone	100
Norway		
Dokka Fasteners AS	Dokka	100
Poland		
Dringenberg Polska Sp. z o.o.	Zagan	100
South Africa		
Grass ZA (Pty.) Ltd.	Montague Gardens	100
Spain		
Grass Iberia, S.A.	Iurreta	100
Sweden		
Grass Nordiska AB	Jönköping	100
Switzerland		
KMT Kunststoff- und Metallteile AG	Hinwil	100
Turkey		
Grass TR Mobilya Aksesuarlari Ticaret Limited Sirketi	Istanbul	100
United Kingdom		
Grass Movement Systems Ltd	West Bromwich	100
Tooling International Ltd.	Solihull	100
USA		
Arnold Fastening Systems, Inc.	Auburn Hills, Michigan	100
Chemofast USA, Inc.	Wilmington, Delaware	100
Grass America, Inc.	Kernersville, North Carolina	100
MKT Fastening L.L.C.	Lonoke, Arkansas	100

RECA GROUP

Entity	Registered office	Würth Group share in %
Austria		
Kellner & Kunz AG	Wels	100
Belgium		
Reca Belux S.A./N.V.	Schaerbeek	100
Bosnia and Herzegovina		
RECA d.o.o. Sarajevo	Sarajevo	100
Bulgaria		
Reca Bulgaria EOOD	Sofia	100
Croatia		
reca d.o.o.	Varazdin	100
Czech Republic		
Normfest, s.r.o.	Prague	90
reca spol. s r.o.	Brno	100
France		
Reca France SAS	Reichstett	75
Germany		
Normfest GmbH	Velbert	100
RECA NORM GmbH	Kupferzell	100
Siller & Laar Schrauben- Werkzeug- und Beschläge- Handel GmbH & Co. KG	Augsburg	100
Hungary		
Reca KFT	Budapest	100
Italy		
FIME S.r.l.	Belfiore	100
Reca Italia S.r.l.	Gazzolo d'Arcole	100
SCAR S.r.l.	Bussolengo	100

RECA GROUP

Entity	Registered office	Würth Group share in %
Netherlands		
STEENKIST RECA Nederland B.V.	Eindhoven	100
Poland		
Normfest Polska Sp. z o.o.	Poznań	100
reca Polska Sp. z o.o.	Węgrzce	100
Romania		
Reca Bucuresti S.R.L.	Bucharest	100
Serbia		
reca d.o.o. Beograd	Belgrade	100
Slovakia		
reca Slovensko s.r.o.	Bratislava	100
Slovenia		
Reca D.O.O.	Pesnica pri Mariboru	100
Spain		
reca Hispania S.A.U.	Paterna	100
Walter Martínez S. A.	Zaragoza	100
Switzerland		
Airproduct AG	Oberwil-Lieli	100
Reca AG	Samstagern	100
United Kingdom		
reca-uk ltd	West Bromwich	100

CHEMICALS

Entity	Registered office	Würth Group share in %
Austria		
LIQUI MOLY Austria GmbH	Dornbirn	100
TUNAP Cosmetics Liegenschaften GmbH	Kematen in Tirol	51
TUNAP chemisch-technische Produkte Produktions- und Handelsgesellschaft m.b.H.	Vienna	67
Australia		
LIQUI MOLY AUSTRALIA PTY LIMITED	Sydney	100
Belgium		
Tunap Benelux nv	Lokeren	100
Brazil		
AP Winner Indústria e Comércio de Produtos Químicos Ltda.	Ponta Grossa	100
TUNAP do Brasil Comércio de Produtos Químicos Ltda.	São Paulo	67
China		
AP Winner (Changzhou) Chemical Technology Co., Ltd.	Changzhou	100
Tunap (Shanghai) International Trading Co., Ltd.	Shanghai	67
Denmark		
TUNAP Danmark ApS	Rødekro	67
France		
LM FRANCE SAS	Sarreguemines	100
Tunap France SAS	Altorf	67
Germany		
Dinol GmbH	Lügde	100
Kisling (Deutschland) GmbH	Künzelsau	100
Liqui Moly Gesellschaft mit beschränkter Haftung	Ulm	100
Meguin GmbH & Co. KG Mineraloelwerke	Saarlouis	100
Momper Auto-Chemie GmbH	Vöhringen	100
TUNAP GmbH & Co. KG	Wolfratshausen	51
TUNAP Sports GmbH	Munich	100

CHEMICALS

Entity	Registered office	Würth Group share in %
Italy		
LIQUI MOLY ITALIA Srl	Milan	100
Tunap Italia S.r.l.	Terlano	67
Netherlands		
Diffutherm B.V.	Hapert	100
Norway		
Tunap Norge AS	Hagan	67
Poland		
TUNAP Polska Sp. z o.o.	Nowy Dwor Mazowiecki	67
Portugal		
LIQUI-MOLY IBÉRIA, UNIPESSOAL, LDA	Sintra	100
Russia		
TUNAP Russia OOO	Moscow	67
South Africa		
LIQUI MOLY SOUTH AFRICA (PTY) LTD	Randburg	100
Spain		
Tunap Productos Quimicos S.A.	Barcelona	67
Sweden		
Tunap Sverige AB	Jönköping	67
Switzerland		
Kisling AG	Wetzikon	100
TUNAP AG	Märstetten	51
Turkey		
Tunap Kimyasal Ürünler Pazarlama Ltd. Sti.	Istanbul	67
United Kingdom		
LIQUI MOLY UK Limited	Purley	100
Tunap (UK) Limited	Tonbridge	67
USA		
Dinol U.S. Inc.	Wilmington, Delaware	100
Liqui Moly USA, Inc.	Hauppauge, New York	100

TRADE

Entity	Registered office	Würth Group share in %
Belgium		
CONMETALL N.V.	Sint-Katelijne-Waver	100
Duvimex Belgium BvbA	Edegem	100
China		
DIY Products Asia Ltd.	Hong Kong	100
Meister Tools Trading (Shanghai) Co., Ltd.	Shanghai	100
Czech Republic		
CONMETALL spol. s r.o.	Opava	100
France		
Meister France S.A.S.	Strasbourg	100
SWG France SARL	Forbach	100
Germany		
Conmetall Meister GmbH	Celle	100
Conpac GmbH & Co. KG	Celle	100
IMS-Verbindungstechnik GmbH & Co. KG	Neuenstein	100
IVT Installations- und Verbindungstechnik GmbH & Co. KG	Rohr	100
KERONA GmbH	Öhringen	100
Teudeloff GmbH & Co. KG	Waldenburg	100

TRADE

Entity	Registered office	Würth Group share in %
Hungary		
REISSER Csavar Kft	Szár	100
Van Roij Fasteners Hungaria Kft.	Dunaharaszti	100
Italy		
Masidef S.r.l.	Caronno Pertusella	100
Unifix SWG S.r.l.	Terlano	100
Netherlands		
Van Roij Fasteners Europe B.V.	Deurne	100
Eurofast Poland sp. z o.o.	Stawiguda	100
REISSER-POL Sp. z o.o.	Poznań	100
Romania		
REISSER TEHNIC S.R.L. Filiala Romania	Cluj Napoca	100
Spain		
Reisser Tornillería SLU	Barcelona	100
RUC Holding Conmetall S.A.	Barcelona	100
SWG SCREWS Iberia S.L.U.	Barcelona	100
Switzerland		
Würth MODYF AG	Chur	100

TOOLS

Entity	Registered office	Würth Group share in %
Austria		
Hommel & Seitz GmbH	Vienna	100
Metzler GmbH & Co. KG	Röthis	100
Bulgaria		
Hahn i Kolb Instrumenti EOOD	Sofia	100
China		
HAHN + KOLB (Tianjin) International Trade Co., Ltd.	Tianjin	100
Czech Republic		
HHW-Hommel Hercules Werkzeughandel CZ/SK s.r.o.	Prague	100
Germany		
HAHN + KOLB Werkzeuge GmbH	Ludwigsburg	100
Hommel Hercules-Werkzeughandel GmbH & Co. KG	Viernheim	100
SARTORIUS Werkzeuge GmbH & Co. KG	Ratingen	100
SVH Handels-GmbH	Dortmund	100
Hungary		
HAHN + KOLB Hungaria Kft.	Budapest	100
India		
HAHN+KOLB Tools Pvt. Ltd.	Pune	100

TOOLS

Entity	Registered office	Würth Group share in %
Mexico		
HAHN+KOLB Mexico, S. de R.L. de CV.	Puebla	100
Poland		
HAHN + KOLB POLSKA Sp. z o.o.	Poznań	100
HHW Hommel Hercules PL Sp. z o.o.	Chorzów	100
Romania		
HAHN + KOLB ROMANIA SRL	Otopeni	100
Russia		
OOO "Hahn + Kolb"	Moscow	100
Serbia		
HAHN + KOLB DOO	Belgrade	100
Turkey		
HAHN KOLB Endüstri Ürünleri Tic. Ltd. Sti	Istanbul	100

SCREWS AND STANDARD PARTS

Entity	Registered office	Würth Group share in %
Australia		
James Glen Pty Ltd	Lidcombe	100
Austria		
C.I.C.M.P. Vertriebs-GmbH	Kirchberg-Thening	100
Belgium		
HSR Belgium S.A./N.V.	Antwerp	100
Bulgaria		
Wasi Bulgarien EOOD	Sofia	100
Croatia		
WASI d.o.o.	Zagreb	100
Estonia		
Ferrometal Baltic OÜ	Tallinn	100
Finland		
Ferrometal Oy	Nurmijärvi	100
France		
INTER-INOX Sarl	Meyzieu	100

SCREWS AND STANDARD PARTS

Entity	Registered office	Würth Group share in %
Germany		
HSR GmbH Hochdruck Schlauch + Rohr Verbindungen	Neukirchen-Vluyn	100
INDUNORM Hydraulik GmbH	Neukirchen-Vluyn	100
Sonderschrauben Güldner GmbH & Co. KG	Niederstetten	100
WASI GmbH	Wuppertal	100
Greece		
Inox Mare Hellas SA	Kalochori	100
Italy		
HSR Italia S.r.l.	Verona	100
Inox Mare S.r.l.	Rimini	100
Inox Tirrenica S.r.l.	Fiumicino	100
Spinelli s.r.l	Terlano	100
Serbia		
WASI d.o.o.	Belgrade	100
Turkey		
Inox Ege Metal Ürünleri Dis Ticaret Limited Sirketi	Beylikdüzü	100

FINANCIAL SERVICES

Entity	Registered office	Würth Group share in %
Austria		
Würth Leasing GmbH	Vienna	100
Denmark		
Würth Leasing Danmark A/S	Kolding	100
Germany		
Internationales Bankhaus Bodensee AG	Friedrichshafen	94
Waldenburger Versicherung AG	Künzelsau	100
Würth Immobilien-Leasing GmbH & Co.KG	Albershausen	100
Würth Leasing GmbH & Co. KG	Albershausen	100
Würth Truck Lease GmbH	Dreieich	100
Würth Versicherungsdienst GmbH	Künzelsau	100
Luxembourg		
Würth Reinsurance Company, S.A.	Luxembourg	100
Netherlands		
Würth Finance International B.V.	’s-Hertogenbosch	100
Switzerland		
Würth Financial Services AG	Rorschach	100
Würth Invest AG	Chur	100
Würth Leasing AG	Dietikon	100
USA		
RC Insurance Corp., Inc.	Ramsey, New Jersey	100

IT SERVICE AND HOLDING COMPANIES

Entity	Registered office	Würth Group share in %
Austria		
Würth Leasing International Holding GmbH	Böheimkirchen	100
RuC Holding GmbH	Böheimkirchen	100
China		
Wuerth (China) Holding Co., Ltd.	Shanghai	100
Wuerth Information Technology (Shanghai) Co., Ltd.	Shanghai	100
Germany		
Reinhold Würth Holding GmbH	Künzelsau	100
UNI ELEKTRO Handels- und Beteiligungs-GmbH	Eschborn	100
WABCOWÜRTH Workshop Services GmbH	Künzelsau	50
WOW ! Würth Online World GmbH	Künzelsau	100
Würth IT GmbH	Bad Mergentheim	100
Würth IT International GmbH & Co. KG	Bad Mergentheim	100
India		
Wurth Information Technology India Private Limited	Pune	100
Italy		
W.EG Italia S.r.l.	Tramin	100
Wuerth Phoenix Srl	Bolzano	100

Entity	Registered office	Würth Group share in %
Sweden		
Autocom Diagnostic Partner AB	Trollhättan	100
Switzerland		
Würth Elektronik International AG	Chur	100
Würth International AG	Chur	100
Würth ITensis AG	Chur	100
Würth Management AG	Rorschach	100
United Kingdom		
IQD Group Limited	Crewkerne	100
IQD Holdings Limited	Crewkerne	100
Wurth Holding UK Ltd	Kent	100
USA		
Wurth Electronics Inc.	Ramsey, New Jersey	100
Wurth Group of North America Inc.	Ramsey, New Jersey	100
Wurth Industry North America LLC	Ramsey, New Jersey	100
Wurth IT USA Inc.	Ramsey, New Jersey	100
Würth Wood-Division Holding LLC	Ramsey, New Jersey	100

DIVERSIFICATION

Entity	Registered office	Würth Group share in %
China		
Wuerth International Trading (Shanghai) Co., Ltd.	Shanghai	100
Germany		
EOS KSI Forderungsmanagement GmbH & Co. KG	Künzelsau	50
Flugplatz Schwäbisch Hall GmbH	Schwäbisch Hall	100
Marbet Marion & Bettina Würth GmbH & Co. KG	Schwäbisch Hall	100
Panorama Hotel- und Service GmbH	Waldenburg	100
Reinhold Würth Musikstiftung gemeinnützige GmbH	Künzelsau	100
WLC Personal GmbH	Adelsheim	100
WLC Würth-Logistik GmbH & Co. KG	Künzelsau	100
WSS Würth Shared Services GmbH	Künzelsau	100
WUCATO Marketplace GmbH	Stuttgart	100
Würth Aviation GmbH	Künzelsau	100
Würth Cloud Services GmbH	Bad Mergentheim	100
Würth Logistics Deutschland GmbH	Bremen	100
Würth TeleServices GmbH & Co. KG	Künzelsau	100

Entity	Registered office	Würth Group share in %
Malaysia		
Wurth Logistics Asia-pacific Sdn. Bhd.	Kuala Lumpur	100
Singapore		
Wurth International Trading (Singapore) Pte. Ltd.	Singapore	100
Slovakia		
Würth International Trading s. r. o.	Bratislava	100
Spain		
FINCA INTERMINABLE, S.L.	Maspalomas	100
marbet Viajes Espana S. A.	Barcelona	100
Switzerland		
Lagerhaus Landquart AG	Landquart	100
Würth Logistics AG	Rorschach	100
USA		
Wurth International Trading America, Inc.	Ramsey, New Jersey	100
Wurth Logistics USA Inc.	Greenwood, Indiana	100

OTHER ENTITIES

Entity	Registered office	Würth Group share in %
Australia		
EDL Fasteners Pty. Ltd.	Eastern Creek	100
Austria		
Metzler GmbH	Röthis	100
Belgium		
MinDCet NV	Leuven	46
Würth België N.V.	Turnhout	100
Bulgaria		
Meister Bulgaria	Sofia	100
China		
GQ Electronics Co. Ltd	Hong Kong	36
Germany		
Abraham Diederichs GmbH & Co. oHG	Wuppertal	100
CAMPTON Diagnostics GmbH	Itzehoe	30
E 3 Energie Effizienz Experten GmbH	Künzelsau	100
Erbschloe Werkzeug Vertriebsgesellschaft mbH	Wuppertal	100
ESB Grundstücksverwaltungsgesellschaft mbH	Eschborn	100
EuroSun GmbH	Freiburg im Breisgau	45
FANDUS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Willich KG	Pullach im Isartal	94
Grundstücksgesellschaft Berlin Chemnitz Erfurt GbR	Künzelsau	49
Grundstücksgesellschaft Cottbus Magdeburg GbR	Künzelsau	49
hfcon GmbH & Co. KG	Künzelsau	50
KOSY Gesellschaft zur Förderung des holzverarbeitenden Handwerks mbH	Künzelsau	100
Meguin Verwaltungs-GmbH	Saarlouis	100

Entity	Registered office	Würth Group share in %
Germany		
Meister-Werkzeuge, Werkzeugfabrik Vertriebsgesellschaft mbH	Wuppertal	100
“METAFRANC” Möbel- u. Baubeschläge Vertriebsgesellschaft mbH	Wuppertal	100
MKT Metall-Kunststoff-Technik Beteiligungs-gesellschaft mbH	Weilerbach	100
nordberliner Elektro-Großhandels-Gesellschaft mbH	Eschborn	100
Pronto-Werkzeuge GmbH	Wuppertal	100
Schmitt Elektrogroßhandel GmbH	Fulda	100
SCREXS GmbH	Waldenburg	100
SYNFIBER AS & Co. beschränkt haftende KG	Worms	100
TUNAP Deutschland Vertriebs GmbH	Wolfratshausen	51
TUNAP Industrie Chemie GmbH	Wolfratshausen	100
WPS Beteiligungen GmbH	Künzelsau	100
Würth GmbH & Co. KG Grundstücksgesellschaft	Künzelsau	100
Würth Logistic Center Europe GmbH	Künzelsau	100
Würth Montagetechnik GmbH	Dresden	100
Indonesia		
PT. TUNAP INDONESIA	Jakarta	67
Iran		
Würth Teheran Ltd.	Tehran	100

OTHER ENTITIES

Entity	Registered office	Würth Group share in %
Luxembourg		
ZEBRA S.A. (2)	Luxembourg	0
Mexico		
Würth Service Supply de Mexico	Mexicali	100
Morocco		
Würth Maroc SARL	Casablanca	100
Pakistan		
Würth Pakistan (Private) Limited	Karachi	100
Singapore		
TUNAP Asia-Pacific Pte. Ltd.	Singapore	67
South Korea		
SST Co. Ltd.	Anyang	15
Spain		
ISA EOLICAS S.L.	Madrid	100
United Kingdom		
Anchorfast Limited	Wednesbury	100
Winzer Würth Industrial Ltd.	Erith	100
USA		
Lubro Moly of America, Inc.	Los Angeles, California	100
R. W. Ramsey Realty Corporation	Ramsey, New Jersey	100
Session Solar USA, Inc.	Ramsey, New Jersey	100

On (2): Inclusion based on the right to variable returns generated by the company and the ability to direct the main activities that significantly affect the company's returns.

M. The boards

Advisory Board
The Advisory Board is the chief supervisory and controlling body of the Würth Group. It advises on strategy and approves corporate planning as well as the use of funds. It appoints the members of the Central Managing Board, the Executive Board, and the managing directors of the companies that generate the most sales.

Bettina Würth
Chairwoman of the Advisory Board
of the Würth Group

Dr. Frank Heinricht
Deputy Chairman of the Advisory Board
of the Würth Group
Chairman of the Management Board
of Schott AG, Mainz

Peter Edelmann
Managing Partner of
Edelmann & Company, Ulm

Dr. Ralph Heck
Director emeritus at
McKinsey & Company, Düsseldorf
Chairman of the Bertelsmann Stiftung
Executive Board, Gütersloh

Wolfgang Kirsch
Chairman of the Supervisory Board of
Fresenius SE & Co. KGaA,
Bad Homburg v. d. Höhe
Former Chief Executive Officer of
DZ BANK AG, Frankfurt/Main

Ina Schlie
Former Senior Vice President Global Tax
at SAP SE, Walldorf
(until 31 December 2021)

Hans-Otto Schrader
Chairman of the Supervisory Board
of Otto AG für Beteiligungen,
Hamburg

Dr. Martin H. Sorg
Certified Public Accountant and Partner of
Binz & Partner Rechtsanwälte Steuerberater
Wirtschaftsprüfer mbB, Stuttgart

Sebastian Würth
International Division Manager,
Würth Group

Honorary Chairman of the Advisory Board

Prof. Dr. h. c. mult. Reinhold Würth
Chairman of the Supervisory Board
of the Würth Group's Family Trusts

Honorary members of the Advisory Board

Rolf Bauer
Former Member of the
Central Managing Board
of the Würth Group

Dr. Bernd Thiemann
Former Chairman
of the Management Board of
Deutsche Genossenschaftsbank AG,
Frankfurt/Main

Central Managing Board
The Central Managing Board is the highest decision-making body of the Würth Group. It has five members and is comparable to the management board of a group holding company. Its most important duties include corporate strategy planning, the selection of executives, and the management of strategic business units and functions.

Robert Friedmann
Chairman of the Central Managing Board of the Würth Group

Dr. Jan Allmann
Member of the Central Managing Board of the Würth Group (since 15 February 2021)

Rainer Bürkert
Member of the Central Managing Board of the Würth Group (since 15 February 2021)

Dr. Steffen Greubel
Member of the Central Managing Board of the Würth Group (until 15 February 2021)

Bernd Herrmann
Member of the Central Managing Board of the Würth Group

Joachim Kaltmaier
Member of the Central Managing Board of the Würth Group

Executive Board
The members constitute the operational management of the Würth Group.
Each of the members is in charge of one strategic business unit or responsible for one functional area.

João Cravina
Würth Line Craft
South America

Norbert Heckmann
Würth Line Germany,
Chairman of the Management
of Adolf Würth GmbH & Co. KG

Dan Hill
Würth Line Industry America

Thomas Klenk
Purchasing and Product Management,
Anchor Production

Jürgen Klohe
(until 31 December 2021)

Jörg Murawski
Würth Elektronik CBT Group,
Würth Elektronik ICS Group,
Chemicals Group
(excl. Liqui Moly Group)

Thomas Schrott
Würth Elektronik eiSos Group

Andreas Kräutle
Tools Companies

Ralf Lagerbauer
Würth Line Asia
(until 31 December 2021)

Thomas O'Neill
Würth Line Wood and
Auto North America

Ignacio Roger
Würth Line Southern Europe

Uwe Schaffitzel/Ulrich Liedtke
Electrical Wholesale

Dr. Reiner Specht
Würth Group Finland, Würth Line
Baltic States, Russia, Austria,
Chile and Central Asia, Trade Unit,
Deputy Member of the Central
Managing Board of the Würth Group

Ulrich Steiner
DIN and Standard Stainless Steel Parts

Thomas Wahl
Logistics

C. Sylvia Weber
Arts and Culture in the Würth Group,
Director of Museum Würth and
Kunsthalle Würth, Curator of the
Würth Collection

Mario Weiss
Würth Line France, United Kingdom,
Ireland, Belgium, WOW Group

Ernst Wiesinger
RECA Group

Alois Wimmer
Production of Screws, Anchors,
and Fittings

Independent auditor's report

To the Würth Group

Opinions
We have audited the consolidated financial statements of Würth Group, Künzelsau (the Group), which comprise the consolidated income statement and consolidated statement of comprehensive income for the fiscal year from 1 January to 31 December 2021, the consolidated statement of financial position as of 31 December 2021, the consolidated statement of cash flows and the consolidated changes in equity for the fiscal year from 1 January to 31 December 2021, and the notes to the consolidated financial statements, including a summary of significant accounting policies. We were also engaged to assess whether the consolidated financial statements comply with the IFRSs as a whole. In addition, we have audited the group management report of the Würth Group, for the fiscal year from 1 January to 31 December 2021.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB ["Handelsgesetzbuch": German Commercial Code] as well as the IFRSs as a whole and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2021, and of its financial performance for the fiscal year from 1 January to 31 December 2021, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the opinions
We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the consolidated management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Other information
The Advisory Board is responsible for the report of the Advisory Board. In all other respects, the executive directors are responsible for the other information. The other information comprises the following components designated for the annual report, a version of which we obtained prior to the issue of auditor's report: the disclosures made in the section "The Würth Group at a glance", "MORE THAN A PRODUCT", "Commitment", "Bulletin" and "The Boards" and the onsolidated value added statement.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the executive directors and the supervisory body for the consolidated financial statements and the group management report
The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs, both as adopted by the EU and as a whole, as well as the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the requirements of German law, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory body is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the group in compliance with IFRSs, both as adopted by the EU and as a whole, as well as the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Stuttgart, 25 March 2022

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The editorial team would like to thank the many people who helped prepare this annual report.

This Group annual report is also published in German. The German version shall prevail.

To make our annual report easier to read, we use the generic masculine form in some cases. This naturally always applies to all genders (male/female/neutral), which are addressed equally and with equal rights.

The German and English versions of this annual report, along with further information about the Würth Group, can be found online at:
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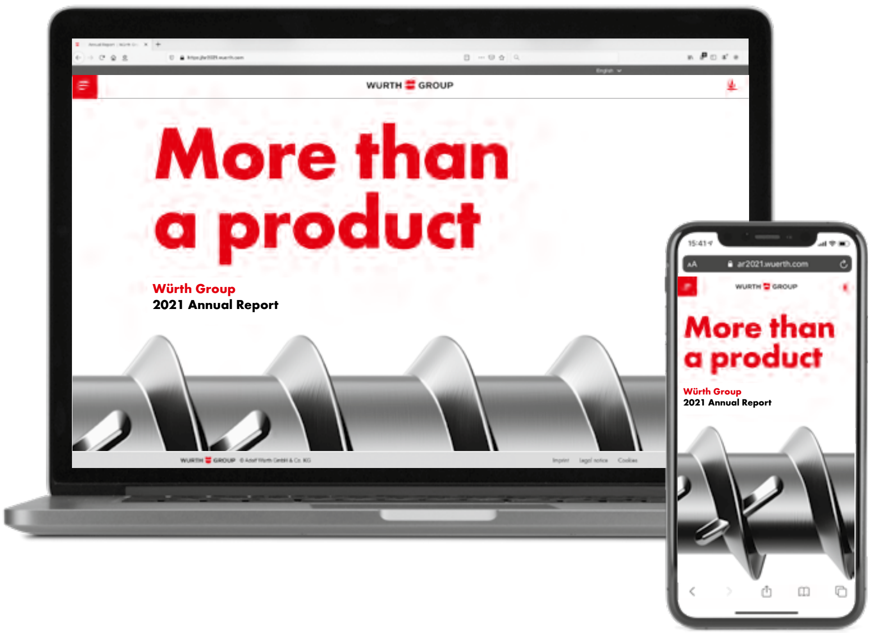

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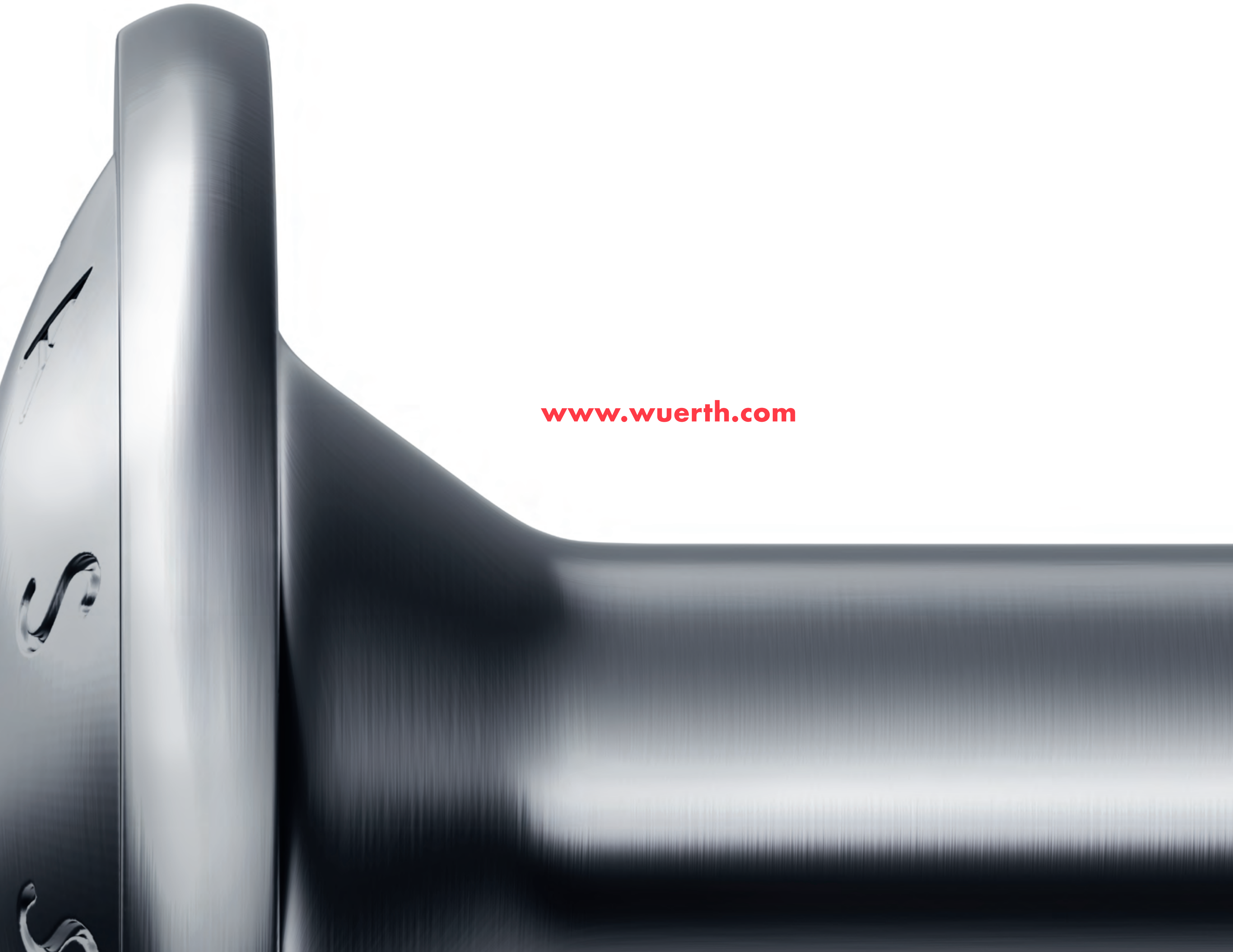
75 YEARS OF WÜRTH



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